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# FINANCIAL TIMES

No. 27,733

Wednesday December 6 1978

مكانتكم

LET THE GIN BE  
HIGH & DRY!

Really Dry Gin

## NEWS SUMMARY

### GENERAL

## Three Spanish police killed

**EQUITIES** were steady for most of the day, but showed a modest fall after news on reports of uncertainty over the membership of the European Monetary System. The FT Ordinary Industrial Index fell 1.7 to 488.2.

The killers, thought to be Basque separatists, machine-gunned a plainclothes superintendent, an inspector in the armed police, and a member of the San Sebastian municipal police force.

The policeman were still in plainclothes and the attack was similar to one last week in which separatists killed an ordinary Civil Guard officer. Pages 3 and 20.

### \$20,000 passed on to Holmes

NatWest, the London-based business bank, told its Argentine customers bearing at Minibank about £20,000 it passed on from Jack Hayward to David Holmes. The prosecution alleges the money was used to fund a plot to kill Norman Scott.

Mr. Holmes said that in early 1974 he forwarded on a cheque for £10,000 to Holmes and later in the year he paid over another £10,000, this time in cash.

### Print union move in NUJ strike

Leaders of the National Graphical Association, one of their provincial members, have voted only "very reluctantly" to endorse the national strike. The VCA journalists' strike, The VCA, has been taken up by the Press Association, Page 4.

### Vance peace trip

Israel is to set the extradition of Dutch millionaire Peter Nott, held in the foreign exchange market following his recent defection to the Nazis, to drop war crime charges and release him. Page 2.

### Mentor wanted

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**Consumers hit**

Most train services in and from Waterloo station will be hit by a 24-hour drivers' strike which began at midnight last night.

### Defence deal

NATO defence Ministers meeting in Brussels are close to an agreement on the setting up of a Stab HQ airborne early-warning system to guard against a surprise attack by the Warsaw Pact. Page 2.

### The Wild West

Andrew Winton, the editor of *Time*, who received \$1,000 reward for information about rustlers who have stolen nearly 200 sheep since July.

**Briefly**

Canadian Government has concluded talks on opposition presidential candidate Jim Bitterman's demands. Page 1.

**The Wild West**

Andrew Winton, the editor of *Time*, who received \$1,000 reward for information about rustlers who have stolen nearly 200 sheep since July.

**Smith hopeful**

Handelshoher, Jim Smith said in Brussels that an all-party peace conference might be closer. He was speaking after a first round of talks between the British and U.S. special envoys and the provisional government.

**Robertson Foods**

Robertson Foods is moving into the home brewing business with a £1.6m acquisition of Union, the Pentland Group subsidiary. Page 24.

**Another 100 Vietnamese refugees arrived in Hanover from Malaysia**

UK travel agents say bookings for holidays abroad are running 150 per cent up on the same time last year.

**December £100,000 Premium Bond winner lives in Harrow, London**

No. 6MF 284943.

**Chief Price Changes Yesterday**

(Prices in pence unless otherwise indicated)

RISES	FALLS
Tarmac ..... 150 + 5	
Exchequer ..... 150 + 5	
Warren Estate ..... 150 + 5	
Alfred Irish Banks ..... 302 - 6	
Cartiers ..... 118 + 9	
GEC ..... 240 + 4	
Heworth (J.) ..... 73 + 3	
Hunting Assoc. Inds. ..... 310 + 20	
Ingram (H.) ..... 35 + 3	
MFI Furniture ..... 171 + 9	
Nestle ..... 250 + 4	
Peter Hattersley ..... 168 + 2	
Pentland Inds. ..... 25 + 4	
Ellesse ..... 112 + 4	
Squires (L. K.) ..... 10 + 3	
Stamford ..... 121 + 6	
Privo-Wallend ..... 418 - 8	
Westfield Minerals ..... 350 - 20	

## Italy and Ireland may also stay out

# Callaghan confirms UK not in EMS

BY GUY DE JONQUIERES AND PETER RIDDELL, BRUSSELS, DEC. 5

**HOPES** OF setting up an EEC-wide currency stabilisation plan from the start of next year appeared increasingly remote tonight, amid growing indications that both Italy and Ireland as well as Britain would refuse to join the scheme as full members.

Mr. James Callaghan removed any lingering doubts about British intentions by announcing that he could not recommend UK participation in the exchange-rate mechanism from January, but that the UK might join later if the conditions were suitable.

He strongly deplored the lack of progress by EEC Heads of Government in the past two days of discussions on improving the balance of financial and economic resources in the Common Market, and their virtual failure to tackle much-needed changes in the Common Agricultural Policy.

"In due course the CAP will break down under its own weight," he said tonight.

Noting that other Governments now shared Britain's doubts and were unsure about entering the proposed European Monetary System, Mr. Callaghan forecast that its future depended on the EEC's success in dealing with problems on resource transfer.

Mr. Callaghan, who left the divided over the crucial question discussion for a short time, division of accompanying measures claimed to say whether the UK to strengthen less prosperous had committed itself specifically to its sterling's future relationship with other EEC currencies. But the technical details of arrangements to link their currencies was clear, and would aim at keeping the value of the pound stable.

EEC leaders were still deeply



President Giscard and Herr Schmidt: balked at economic concessions.

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sions occasioned by Britain's efforts to negotiate partial membership of the EMS.

Both Italy and Ireland were still pressing for economic concessions from their richer partners after rejecting a total offer of increased EEC lending of 5bn, European units of account (about £3.5bn over several years). They claimed that this did not constitute an adequate transfer of resources, as the money would eventually have to be repaid.

Leaders of both countries insisted that unless the offer was substantially improved they could not declare at this meeting whether they planned to join the EMS, as had been widely expected.

The stalemate developed after France and West Germany, the principal authors of the EMS plan, balked at increases of the order sought by Italy and Ireland. President Giscard d'Estaing, in particular, opposed a proposal to step up EEC regional fund grants next year by 90 per cent to the EEA (20.7bn).

His attitude was clearly influenced by his own difficulties with the Gaullist and Continental

Continued on Back Page

## Shell and Esso seek go-ahead for North Cormorant field

BY KEVIN DONE, ENERGY CORRESPONDENT

SHELL AND ESSO have applied to the Department of Energy for approval of their plan to develop the North Cormorant oil field in the northern North Sea.

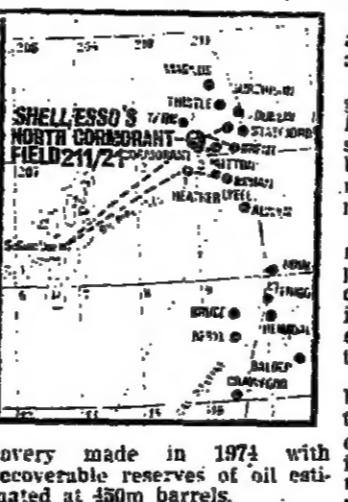
The application has been made in spite of repeated assertions recently by both companies that the Government's plan to raise the rate of petroleum revenue tax is threatening the viability of North Sea projects.

The development of the North Cormorant field is likely to cost about \$450m. If the plan is approved quickly, it will provide a welcome boost next year for UK offshore equipment suppliers, and particularly the platform construction industry.

Shell, which is the operator for the field, is planning to develop North Cormorant through a conventional steel platform.

The field would be linked by a spur line to the Cormorant A platform and oil would be produced through the Brent System pipeline to Sullom Voe.

The field is located about 100 miles north-east of the Shetland Islands. It is a medium-sized dis-



covery made in 1974 with recoverable reserves of oil estimated at 450 million barrels.

According to Wood Mackenzie, the stockbrokers, North Cormorant could have a peak production rate of about 180,000 barrels a day.

Much of the detailed design work for the steel platform has already been completed by CIB, Earl and Wright, and a contract for the management and design

of well-head development.

Shell is constructing in Holland an underwater manifold that could be the hub of a system of nine subsea well-heads.

The whole system would be placed on the sea bed and oil produced from the manifold through a single pipeline to one of the Cormorant platforms.

It is understood that associated natural gas from the field will be piped to the western extension of the Brent gas pipeline, which is already being built from the existing Cormorant A platform to the Brent A platform.

The South Cormorant Field in block 21/1-26 is much smaller than North Cormorant.

It was developed first, however, because it is ideally located to act as the collecting point and main pipeline station for the fields connected to the Brent System pipeline.

South Cormorant should start producing in the middle of next year.

A further development of oil reserves located between North and South Cormorant could follow if Shell and Esso decide to go ahead with an advanced project for a complicated sub-

sea well-head development.

If the development plan is given an early go-ahead by the Department of Energy, it is possible that a platform order could be placed next year. This would mean that production could commence in late 1982 or early 1983.

It is understood that associated natural gas from the field will be piped to the western extension of the Brent gas pipeline, which is already being built from the existing Cormorant A platform to the Brent A platform.

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The fruits of a good grain harvest. Anthony Robinson reports

**BOOSTED BY** this year's record grain harvest Soviet planners have uprated their growth targets for 1979 in an effort to make up for slippage below plan performance in major sectors of the economy over the first three years of the current five year plan.

In spite of the higher target however it is now virtually impossible for the Soviet Union to achieve the goals of its original five year plan. These entailed an average annual increase in national income ranging from 4.4 to 5.1 per cent and a total increase of between 24 and 28 per cent in the 1976-80 plan period as a whole.

National income is the nearest Soviet equivalent to the Western concept of Gross National Product. It is now scheduled to rise by 4.3 per cent in 1979. This is higher than the 1978 target of 4 per cent and the 1977 outcome of 3.5 per cent—which represented the worst economic performance since the war.

But it will now require an increase in national income of about 5.5 per cent in 1980 to meet the overall plan targets and the Soviet Union has not managed growth like that since the 1960s.

Mr. Nikolai Baibakov, the Soviet planning chief, told the Supreme Soviet last week that heavy industry output planned to rise 5.8 per cent in 1979, compared with an uprated 4.7 per cent this year, while output of consumer and light industry goods, the traditional cinderella of Soviet industry, is scheduled to rise 4.8 per cent compared with 3.7 per cent this year.

Central to the achievement of these higher targets is the plan for a 5 per cent increase in labour productivity in 1978 compared with this year's target of 3.6 per cent.

An item of the difficulty which may be faced in reaching this target can be gleaned by the fact that over the first nine months of this year productivity gains did not even reach the modest 3.8 per cent target.

What the planners appear to be banking on is the introduction of new plant incorporating western and other new technology, the sharply higher output of computers, and higher volume output of trucks from the massive Kama truck plant, which is over two years behind schedule. Also there should be higher productivity in agriculture reflecting the massive investments in fertilisers, high powered tractors and farming technology generally in recent years.

One of the problems however is that gains from new capacity and new machines have to more than compensate for the growing difficulties and cost of energy and raw material sources in the older industrial areas in the western

## Soviet planners cross their fingers and hope for growth

part of the Soviet Union and the on the assumption of a rapid increase in costs of creating the new industry, completion and raw material resources in Siberia.

Mr. Brezhnev indicated both the size of the problem and the efforts currently being made to develop Siberia in his speech to the Soviet Union plans to raise oil production by a further 20.5 million tonnes next year to 393m. This indicates that this year's oil and condensate target of 575m tons (up 5.3 per cent) will be missed by a small margin.

More importantly, however, it

Brezhnev underlined yet again the need for adequate storage facilities, the need for special vehicles and trucks—and indeed the vital need for good roads in rural areas, many of which are still reachable only by rutted, unmetalled cart tracks.

Although this year's grain harvest looks good in volume terms, quality leaves much to be desired in many cases due both to inadequate storage and the very wet weather which affected many growing areas.

This remainder of the climatic difficulties affecting Soviet agriculture emphasises the degree of optimism and atmosphere of increasing domestic demand.

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delays in sinking new mines in

the Dnipro and other traditional areas.

Meanwhile, this year's record grain harvest of 235m tons, far from being interpreted as a welcome windfall unlikely to be repeated next year without considerable luck and help from mother nature, has been taken as a starting point for even more ambitious agricultural growth targets next year. In spite of the record harvest the overall growth of agricultural production last year was only 4.1 per cent. Next year's target is for a 5.8 per cent rise and a further 23.5m roubles (215bn) has been allocated to the agricultural sector.

The implications are that the Soviet Union will try to step up imports of western technology over the last two years of the plan in order to try and eliminate bottlenecks.

Coal production targets have been downgraded during the life

of the current five-year plan and next year's target now stands at 752m tons. According to Mr. Baibakov this is 26m tons more than 1978. This puts 1978 production at 727m tons, 19m tons below the 748m-ton target. This is only 5m tons higher than last year's output of 722m tons and reflects the enormous difficulties attached to opening new open cast mines in the east and without any clear indication of where this is to come from.

Although Mr. Brezhnev singled out several sectors and organisations for criticism in his speech to the Central Committee he gave no hint of the sort of economic reforms, which are being introduced in varying degrees in several East European economies.

What is striking about Mr. Brezhnev's criticism of the economy is that the same weaknesses crop up year after year. In spite of having invested 80bn roubles over the past three years in the development of ferrous and non-ferrous metals and the oil, gas and coal industries Mr. Brezhnev complained of continuing shortages of metals and fuel and blamed shortcomings on "omissions in the work of the corresponding ministries and slack control over the fulfilment of plans by enterprises and construction sites."

He also complained that "we have not yet succeeded in stopping the process of scattering capital investments among numerous construction projects."

In spite of the fact that in quantitative terms some 700 major new industrial enterprises have started production over the first three years of the plan and output is 450bn roubles higher than the same period of the previous plan little progress appears to have been made towards the overall aims of higher efficiency and productivity which are supposed to be the hallmarks of the current plan.

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In spite of the fact that in quantitative terms some 700 major new industrial enterprises have started production over the first three years of the plan and output is 450bn roubles higher than the same period of the previous plan little progress appears to have been made towards the overall aims of higher efficiency and productivity which are supposed to be the hallmarks of the current plan.

The implications are that the Soviet Union will try to step up imports of western technology over the last two years of the plan in order to try and eliminate bottlenecks.

Coal production targets have been downgraded during the life

## EUROPEAN NEWS

## NATO ministers near accord on early warning system

By REGINALD DALE, EUROPEAN EDITOR

NATO GOVERNMENTS were tonight ready to agree on the after-contingent disagreement in the alliance over sharing out the cost of the AWACS system.

\$1.8bn airborne early warning system intended to reduce the danger of a surprise attack by the Warsaw Pact. The alliance was bearing about one-third of the cost of the combined system.

The U.S. is to contribute about 32 per cent of the cost of the Boeing E-3A aircraft and West Germany just over 30 per cent.

Current plans are for 16 to 18 modified Boeing 707 aircraft to start operating from a main base at Geilenkirchen in West Germany from early 1982. They will complement a fleet of 11 British Nimrods that represent the UK's contribution to the scheme.

The UK was faced with the

Nimrod force 18 months ago

in the alliance over sharing out

the cost of the AWACS system.

Mr. Fred Mulley, the UK Defence Minister, today claimed that by providing the Nimrods Britain

had relieved the other members of the alliance of the burden of the combined system.

The French do not want to be deprived of the data gathered by the AWACS aircraft, which could be crucial in an emergency. But they do not want either to give the impression that they are moving further back into the NATO fold by participating fully

from the final procedural arrangements being tied over.

Britain has given a commit-

ment that it will adapt its radar

stations and ground terminals

to make the Nimrods entirely

"inter-operable" with the Boe-

ing German base, there will also be

forward operating bases, prob-

ably in Turkey and Norway.

Meanwhile, Gen. Zeiner Gun-

derson, Norwegian chairman of

the alliance's Military Commit-

tee, today warned that the East-

West balance of forces continued

to move increasingly to the ad-

vantage of the Soviet Union. If

the gap continued to grow, well-

nesses might develop in NATO.

He stressed, however, that this

was a political decision that the

military would respect, which-

ever way it went.

Gen. Gunderson, who had

earlier reported to the Defence

Ministers, singled out four areas

as examples of NATO's potential

weakness. These were the Soviet

naval build-up, particularly of

submarines, the amount and

quality of the Warsaw Pact's

tanks electronic warfare, and

the West's vulnerability to chemical

welfare.

Gen. Gunderson said he would

like to see the alliance's nuclear

capability improved and updated

in the European theatre. He

repeated that from a strictly mili-

tary point of view the alliance

should deploy the so-called neu-

ton bomb in Western Europe.

He stressed, however, that this

was a political decision that the

military would respect, which-

ever way it went.

Leslie Collett adds from Berlin:

The defence chiefs of the

BRUSSELS, Dec. 5.

Warsaw Pact countries are meeting in East Berlin, among them the Defence Minister of rebellious Romania, which is resisting Soviet pressure to increase its defence budget and integrate its armed forces into the alliance.

This is the first high-level meeting of representatives of the Soviet Union and Romania since the Warsaw Pact summit in Moscow on November 22 and 23. Romania's President Ceausescu refused to that meeting to go along with the demands by Mr. Leonid Brezhnev, the Soviet President, that each Warsaw Pact country should increase defence spending to counter what was said to be NATO's attempt to achieve military superiority.

## Italy and Vatican close to accord

BY PAUL BETTS

ROME, Dec. 5.

AFTER 11 years of intermittent and complex negotiations, the revision of the Concordat between the Italian State and the Roman Catholic Church appears to be nearing its solution. Sig. Giulio Andreotti, the Prime Minister, is to open tomorrow the debate in the senate on the third draft of the revision of the Church-state pact originally agreed between Pope Pius XI and Mussolini in 1929, which will profoundly alter the relationship between the Vatican and the Government.

The revised Concordat, which essentially entails the mutual independence and sovereignty of the state and the Church, is not only important for Italy, but for other predominantly Roman Catholic countries like Spain since it could set the pattern of future State-Church relations.

With the election of the Polish cardinal Dinal Wojtyla as the first non-Italian Pope in four and a half centuries, the revision is now at the most significant stage. In his address since his election last October, Pope John Paul II has insisted that the Constitutional Church, as such, should have no direct role in political life. This is in line with the spirit of the Second Vatican Council and follows the policy of the Pope's immediate predecessors who sought to establish the universality of the Church without "special privileges" but sufficient freedom to conduct its mission.

The election of a Polish Pope clearly represents a symbol of the universality of the Church and is inevitably changing the significance of the current "special relation" the Vatican has traditionally maintained with the Italian state, especially with the Christian Democrat Party.

Only two years ago, at the time of Italy's last general elections, the Church swung the full weight of the 300 Italian bishops and 420,000 parish priests behind the Christian Democrat Party.

However, the Pope, coming from a country where Church-state relations have been particularly sensitive, doubtless attaches considerable importance to the revision of the Concordat.

While the spirit of the new pattern of state-Church relations in Italy has generally been accepted, with both parties agreeing that there should be no interference in each other's



Pope John Paul II

affairs, a series of specific issues is still open. It includes the status of religious organisations in the country, and the question of marriage and religious instruction in schools.

However, although laws on divorce and abortion have now been passed in Italy, the Church does not intend to relinquish its right to defend its principles. The Pope recently made this quite clear when he said the Church proposed to continue defending the Christian principles and natural ethics of the institution of marriage.

As regards religious instruction in Italian schools, the new draft gives the right to choose whether to attend or not.

But beyond specific, and at times incompatible, issues dividing Church-state relations, the significance of the current revision of the Concordat in Italy is in its possible implications elsewhere. In his now famous letter to the Polish authorities, the Pope indicated he favoured the opening of a constructive dialogue with Communist governments as long as they did not interfere with the activities of the Church to develop its pastoral mission.

In turn, this also has implications for Italy where the Communist Party is the largest in the West. Pope John Paul II has always been actively engaged in criticising Marxist-Leninist doctrines as being incompatible with the conceptions of the church. The Polish church as such has generally been regarded as an "opposition force" in the country. This is likely to put additional pressure on the Italian Communist Party which has attempted to enlarge its dialogue with the church, not least for electoral motives in an overwhelmingly Roman Catholic country.

It is perhaps no small coincidence that a symposium held this week in Bologna—one of Italy's traditional Communist strongholds—on the significance of the election of Pope John Paul II suggested that the new Polish Pope could represent "a destabilising element" not only in Poland but in Eastern Europe as a whole with obvious repercussions in Italy.

## Basques kill three policemen in pre-referendum bar shooting

MADRID, Dec. 5.

BASQUE separatists killed three policemen in northern Spain today as the nation prepared to vote for the first time on a constitution written to legalise post-Franco monarchy and guarantee freedom suppressed for the past four decades.

The three police officers—police inspector and a municipal policeman—were killed as they stopped pre-lunch off-duty drinks in a bar in San Sebastian. They were in civilian clothes, recalling assassinations on ETA, which has carried out 52 killings of police, civilians and military officers this year.

Police immediately blamed the separate organisation ETA, which has killed 52 people this year.

At the same time, the North Rhine-Westphalia regional government and a union of 200,000 men away from their jobs for numerous industrial peace efforts is regarded as a prime candidate for the task.

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The draft has still to be adopted by a special SPD party conference on Europe in

the sixth week.

Where indeed, asks M. Joel Le

Tac, a Gaullist MP for Paris, who has just tabled a Bill in the National Assembly proposing the resuscitation of what the reputedly puritanical English call "Houses of ill repute," which spread from Lyon to most of France's other big cities, all they want the authorities to do is to integrate them in the social security system.

## Gaullist MP seeks to put the 'joie' back in French life

BY ROBERT MAUTHNER

PARIS, Dec. 5.

THE FRENCH are, if anything, more nostalgic about their past than the British. Gallic hearts beat faster and heads are held higher when the term "National grandeur" is mentioned. The nuclear deterrent is a constant reminder that France is still a world military power to be reckoned with and the despatch to Zaire evokes poignant memories of a glorious imperial past.

But all this rattling of military hardware, the hub of the new industrial France, the nuclear power stations and the huge contracts with China, have tended to push into the background one of France's greatest historical assets.

Where today is the joie de vivre of the Belle Epoque with its champagne dinners, naughty ladies dancing the can-can and the sumptuous pleasures of the famous montmartre—the haven of jaded husbands and gay young bucks?

Where indeed, asks M. Joel Le Tac, a Gaullist MP for Paris, who has just tabled a Bill in the National Assembly proposing the resuscitation of what the reputedly puritanical English call "Houses of ill repute," which spread from Lyon to most of France's other big cities, all they want the authorities to do is to integrate them in the social security system.

Whether the ladies in question

really want to be cooped up again in the plushy emporia

of yesterday after their fresh air pursuit of the past 20 years is another matter. Judging by the prostitutes' revolt of 1975, which spread from Lyon to most of France's other big cities, all they want the authorities to do is to integrate them in the social security system.

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Recently Novas were used to expedite procurement procedures for a major contract in the Middle East. The planning/ordering/shipping cycle was so successful that further use of the Novas is envisaged for overseas contracts.

Roger Cullingham, the Project Manager of Regional Computing says: "We started with 9 Novas linked to our central processor over GPO lines. We have re-assessed Nova twice as our network has grown and still believe they offer the best price/performance ratio."

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## OVERSEAS NEWS

## Fighting in Afghanistan reported

By Chris Sherwell

ISLAMABAD, Dec. 5. CONTINUED fighting between the Afghan army and staunchly Moslem villagers is reported from Nuristan in eastern Afghanistan in what is described by eye witnesses as "all-out war."

The reports come from a French photographer who has returned here after spending ten days in the area with members of the Movement of Islamic Revolution (MIR). The MIR is a coalition of two extreme religious groups fighting the Soviet-leaning regime which came to power in a bloody coup last April.

He reported that the Afghan army is on the offensive, using helicopters as backing, and confirmed that the small border town of Kandesh had been bombed. He also said two other villages had been razed. Villagers in the area are holding more than 200 prisoners, and say they have killed hundreds of their enemies, often in hand-to-hand combat.

The reports back up other claims made recently by MIR representatives based in Pakistan, who describe regular attacks by government troops in Nuristan and fighting in other parts of the country along the eastern border. The reports come as Mr. Nur Mohammed Taraki, the Afghan leader, is in Moscow on his first foreign visit.

Mr. Zulfikar Ali Bhutto, Pakistan's condemned former Prime Minister, will be allowed to appear personally in front of the seven remaining judges hearing his appeal in the Supreme Court before they rise to consider their opinion. This was announced today after Mr. Bhutto had threatened to withdraw his authority from the lawyers defending his defense.

Mr. Bhutto's move was in response to a court decision yesterday to continue proceedings in the absence of a judge who is ill. The court today confirmed its decision when it overruled defence objections. The defence felt that the court decision removed a potentially sympathetic voice, and argued that the case should be adjourned for four to six weeks until the judge recovered.

It is not yet known when Mr. Bhutto will appear before the court. If the defence takes two weeks to finish its final submission, as seems possible, his appearance may have to wait until the new year begins, or of a two-week court vacation. The court urged the defence to ensure that Mr. Bhutto did not deal with matters already covered in the proceedings.

Thousands of dock-workers who started a potentially damaging go-slow last week at the country's only port in Karachi have returned to normal working. The dispute, over wages and conditions, threatened supplies of much-needed fertiliser to the country's farmers and of cement, but did not affect offloading of crucial wheat imports.

## Smith expresses optimism on Rhodesia peace talks

SALISBURY, Dec. 5.

MR. IAN SMITH, the Prime Minister, said today an all-party Rhodesian peace conference may be closer.

Mr. Smith spoke to reporters after a two-hour meeting in his Salisbury office between the British and American peace emissaries, Mr. Gledwyn Hughes and Mr. Stephen Low, the U.S. Ambassador to Zambia, and the transitional Government's four-man Supreme Executive Council.

Asked if round-table talks between the Rhodesian coalition and the Patriotic Front guerrilla alliance were any closer, Mr. Smith said: "Yes, perhaps. But I wouldn't like to measure how much nearer. I don't think we are any further away."

Mr. Hughes, sent on an African tour by Mr. James Callaghan, the British Prime Minister, to try to arrange peace talks, said this morning's meeting was useful and helpful.

"I look forward to having equally useful talks with individual members of the council later today," he said.

Mr. Hughes and Mr. Low are to meet Mr. Smith and his three black council colleagues, Bishop Abel Muzorewa, the Rev. Jeremiah Chirau, and Chief Sithole.

Neither Bishop Muzorewa nor Chief Chirau would comment on the talks, but Mr. Sithole said: "We had very useful, open frank discussions. The meeting was constructive."

He said the Executive Council members had told the envoys they were prepared to attend all-party talks.

But a spokesman for the Zimbabwe United Peoples Organisation (ZUPO) of Chief Chirau said the party was optimistic. "We believe the British and Americans are realistic this time. They just insist on organising it (the conference) and getting it going. The time is now right."

Mr. Hughes and Mr. Low have said they have killed hundreds of their enemies, often in hand-to-hand combat.

The reports back up other claims made recently by MIR representatives based in Pakistan, who describe regular attacks by government troops in Nuristan and fighting in other parts of the country along the eastern border. The reports come as Mr. Nur Mohammed Taraki, the Afghan leader, is in Moscow on his first foreign visit.

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The present Ethiopian offensive is now concentrated on two fronts. It is attempting to push North from Keren, from which troops against the secessionist EPLF withdrew completely on November 27, and in the East, from the Asmara Massawa front.

Both these fronts are threatening the long-established base areas and supply lines of the EPLF in Sahel province and the towns of Afabet, Nakfa, and Sisay, led late last month to the capture of the town of Keren, the last big centre remaining in rebel hands.

The EPLF claim that the Russians are supplying the Ethiopians force of more than 500 tanks, manning the heavy artillery and using helicopters to support behind the EPLF lines. Eye-witnesses also say they are directly participating as combat personnel.

The present Ethiopian offensive is

equipped, harbour between Lohito and Cape Town.

Not only would the route open up a safe and fast outlet for the copper-based economy of Zambia and Zaire, it would vastly enhance the export viability of Botswana's vast deposits of soda ash and low-grade coal which would otherwise have to be routed through South Africa.

The new line would divert millions of tons of traffic from congested Indian Ocean ports and save three to four days' steaming round the Cape to European and American destinations.

The proposed route of a Trans-Kalahari line is across flat featureless semi-desert country where the biggest threat to man would be a possible shortage of water — and perhaps the occasional pride of lions. An added attraction is that existing railway systems of Southern Africa have all been constructed to uniform gauge specifications of 3 ft 6 ins — some say the single most useful legacy of the British and Portuguese colonials.

Theoretically therefore, it would be possible to rail goods from Dar es Salaam to Walvis Bay without changing trucks.

The Trans-Kalahari railway consortium, which comprises the British groups Maxwell Stamp and Associates, the P-E Consulting Group, Nott & Hay and Anderson, Henderson, Hughes and Busby and the South African consulting geologists Partridge De Villiers and Associates, hope to enlist the aid of international development agencies and, possibly, western governments to sell the project to the five governments involved — Namibia, Botswana, Rhodesia, Zambia and Zaire.

Rhodesia and Zambia, as well as opening up an alternative corridor for Zaire. A tentative outline of \$1,000m is mentioned.

The scheme calls for the construction of a 900km railway line across the Kalahari desert, connecting the railhead at Gobabis in eastern Namibia with Francistown in northern Botswana, via the South African-Botswana-Rhodesia line near the Rhodesian frontier.

According to preliminary studies, the most likely route the line would follow would be from Gobabis to Ghanzi (a major stock-farming area), taking a

course well south of Maun to Orapa (a mining centre) and from there to Francistown. This route would take the line through vast proven deposits of coal and soda ash where Shell Oil has invested more than \$20m on exploration.

At the same time, the consortium will study the feasibility of building a line from Orapa to Livingstone in southern Zambia, via Nata and Kazangula where a bridge would have to be built across the Zambezi. It would therefore be possible for Rhodesia, Zambia and Botswana to ship goods through Walvis Bay in an independent Namibian state.

A bomb exploded yesterday at a Windhoek petrol depot as voting continued in the controversial election called by South Africa in Namibia, Reuter reports. The blast, the third in Windhoek since Saturday, caused no casualties and little damage according to officials of Shell Oil Company, which jointly operates the depot with British Petroleum in a northern industrial area.

Bank for Reconstruction and Development investment intentions to "billions" in foreign agencies and institutions await a favourable, internationally-recognised settlement in the territory. By all accounts West Germany leads the world's investment league with a reported \$750m earmarked for employment.

In sharp contrast diamond and uranium mining has lost none of its momentum. Last year De Beers consolidated diamond mines extracted 2m carats and achieved gross export earnings of more than \$200m. Twice weekly a UTA DC-8 cargo plane airlifts several hundreds of tons of uranium oxide from Windhoek airport to the port of Durban, from Rio Tinto Zinc's Rossing Mine improves from last year's 3,000 tonnes closer to projected peak output of 5,000 tonnes a year at an estimated price of U.S.\$20-25 a pound. Last year the mine had gross earnings of \$173m.

The potential mineral wealth of the territory is well documented but an empirical corner to corner geological survey would require more than \$40m. Windhoek's recent months has hosted literally dozens of merchant bankers, development economists, mining engineers, geologists, foreign investors and, inevitably, a few international hustlers and self-appointed "advisors" keen to promote the search for untapped wealth.

Foreign visitors tell of aggregate entrepreneurial and development investment intentions running to "billions" in foreign agencies and institutions awaiting a favourable, internationally-recognised settlement in the territory. By all accounts West Germany leads the world's investment league with a reported \$750m earmarked for employment.

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Apart from the obvious usefulness of the proposed scheme for the tangled economies and interlocking transport systems of countries in southern Africa, the sponsoring consortium expects the marketability of the project to be enhanced by its potential for political unity and regional economic development.

Although the new line would reduce the distance between five countries in South Africa's ports in times of upheaval and congestion, the Pretoria government could nevertheless make an important contribution to transport delays if it is sub-continent by removing obstacles to early incorporation of Walvis Bay in an independent Namibian state.

## Shots in Iran's gathering darkness

By Andrew Whiteley

TEHRAN, Dec. 5.

ONE OF THE better of the crop of black jokes produced by the Iranian crisis has the Shah's religious adversary, Ayatollah Khomeini, holding court at his suburban house in Paris, and being asked by a Western reporter, after his interview was over, whether he would like a game of cards. "Certainly," replies the 78-year-old venerable, "as long as all the Kings are removed from the pack, and the Queens are veiled."

You choose who you repeat that joke to these days: many "close" Muslims have come out into the open. The few Indians who still openly defend the Shah are very touchy indeed.

None the less, there are many women on the streets these days unaccustomedly clutching a Chador, the full-length tent-like veil, around themselves, their Persian evening gowns showing through. Most foreign women when they venture out, prudently don head scarves.

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## Tokyo agrees major rises in U.S. beef, citrus imports

BY DAVID BUCHAN

**PROSPECTS FOR** a successful conclusion of the Geneva Ministerial Trade Negotiations (MTN) brightened today. U.S. officials said now that Japan and the U.S. have resolved their long-standing agricultural trade dispute. According to an agreement reached in Tokyo earlier today, Japan has agreed to big increases in its citrus and beef import quotas over the next five years and to cut tariffs on a range of other farm products which are exported by the U.S. exports covered by the new agreement will double citrus

part of the overall MTN trade package accounted for \$1.4bn in 1976 or a little over a third of all U.S. farm exports to Japan. Although the Japanese concessions cover some 150 items, it was the beef and citrus quota that the U.S. Administration considered politically most important. It argued that Japanese consumption of both products was unreasonably low, while the U.S. had plenty of both to sell.

In particular, the Administration feels that the Japanese move to "more than double citrus

### Rebuff for Soviet Union on Jackson-Vanik law

BY DAVID SATTER

**MOSCOW**, Dec. 5. — The U.S. Treasury Secretary, and Mrs. Janaia Krepis, the U.S. Commerce Secretary, today affirmed that the Carter Administration has no immediate plans to push for a repeal of the Jackson-Vanik Amendment which liberalised U.S. trade to free Soviet Jewish emigration.

Mr. Krepis told a news conference, however, that progress in overall U.S.-Soviet relations, such as have taken place in the last few months, was the best possible basis for convincing the American people that a change in the U.S. legislation is appropriate.

She said that the U.S. views with "appreciation" the recent increase in Soviet-Jewish emigration, now approaching 4,000 emigrants a month, and said this and a successful conclusion of a new Strategic Arms Limitation Treaty would help persuade the Carter Administration to co-operate with Congress in changing the law.

Mr. Blumenthal said the Carter Administration recognises the Jackson-Vanik Amendment has an important impact on U.S.-Soviet trade volume, and its status must be reviewed in the light of developments, but said there is no "time-table" for repealing the amendment and no

deadline for repeal had ever been mentioned.

Mrs. Krepis and Mr. Blumenthal are in Moscow for the seventh annual meeting of the USSR Trade and Economic Council, which is also being attended by 400 top US business executives. The two U.S. officials appeared at the first conference with Mr. Kuznetsov, Russia's Deputy Soviet for Trade Minister.

Mr. Kuznetsov in his remarks said that the Soviets believe that the volume of U.S.-Soviet trade does not remotely correspond with the possibilities for bilateral trade, and stressed that trade must be based on "mutual benefits and complete equality."

Mr. Blumenthal said the U.S. would take a number of steps, short of repealing the Jackson-Vanik, aimed at improving U.S.-Soviet trade relations. These were speedier handling of licence applications for U.S. exports to the USSR, making information of the Soviet economy more readily available to U.S. businessmen, and developing 28 projects in a variety of areas, including oil and gas development, suggested as possibilities for cooperation by the Soviets.

The projects have a potential value of between \$100m and \$150m. No further details were available however.

### Italian trade recovery

BY PAUL BETTS

**THE IMPRESSIVE** recovery of Italy's terms of trade has been confirmed by the publication of official statistics, showing that in the first ten months of this year the country's trade deficit was cut back from \$3.40bn during the same period last year to barely \$1.35bn. In October, there was a surplus of some \$225m and the authorities are now confident that the overall trade balance will break even this year.

This marked improvement is in part the consequence of the loss of momentum of the economy, with the sharp industrial output translated into a mere 6 per cent rise in imports during the first ten months of this year. The decline of the dollar has also helped.

### Woodworking exports rise

BY JAMES MCDONALD

**THE BRITISH** woodworking industry's exports this year are expected to reach a record level of £46.5m, according to forecasts by the British Woodworking Federation. This would be £1m, as more than the value of exports last year, and would compare with £4.8m worth of shipments in 1974.

But the federation also reports a sharp rise in woodwork imports, forecasting a total for 1978 of £33.4m—40 per cent more than in 1977. For kitchen furniture and doors, the import forecasts are higher than for exports. Kitchen furniture imports, for example, are expected to total £22m this year, compared with £15m in 1977, while exports, at £8.75m compare with £7.8m last year. For doors, the import forecast is £7.6m, as against exports of £8.1m.

By contrast, British prefabricated wood buildings exports this year are expected to amount to £2.5m in value; imports are forecast in total about £2m for the year.

The federation says that the turnover for the British woodworking industry in 1978 should total £520m, up against £483m last year.

Kitchen furniture imports, for example, are expected to total £22m this year, compared with £15m in 1977, while exports, at £8.75m compare with £7.8m last year. For doors, the import forecast is £7.6m, as against exports of £8.1m.

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## HOME NEWS

## Market projections of Government and TUC 'unreal'

BY SUE CAMERON, CHEMICALS CORRESPONDENT

CHEMICAL PLANTS WORLD WIDE would be being idle today if the forecast for next year was correct, said Sir Freddie Laker, who runs the cheap-fare Skytrain flights between London (Gatwick) and New York and Los Angeles.

The forecast for next year is based on the industry's annual investment in the total fixed market projections "put forward by the Government and manufacturing output of 1.5 per cent, an annual growth rate for trade unions, Dr Peter Caudle, economist director of the Chemicals Industries Association, said yesterday.

Dr Caudle told an independent Marketing Research Association symposium in London last week: "Government and union projections were based on wishful-thinking rather than facts."

This helped to explain the clash of views between the unions and the industry on UK investment in ethylene crackers and petrochemicals.

### Resources

The 1978 projections, put forward by the Government and the trade unions, were not the only projections that had been put forward. The chemical industry had followed Government or union forecasts in 1974, it would have been in serious trouble.

"All major companies in the industry regularly review where they are going on the basis of present trends and policies."

"But no company wastes time studying totally unrealistic targets. Nor does it commit its resources—and its employees' future job security—to unattainable objectives."

Yet the industry has been asked by governments of both parties and by its union friends to do just this, particularly in relation to investment.

### Output

In 1976, the chemical sector working parties set up by the Government as part of its industrial strategy had been enjoined to plan for an annual growth rate in GNP of 4.75 per cent between 1975 and 1978.

They had been told to expect manufacturing output to increase by 8 per cent a year during the same period, while chemicals output was to go up by no less than 10.5 per cent a year.

## Commerce chambers make Budget plea

BY DAVID FREDRIK

THE CHANCELLOR is urged to cut incomes tax, reduce public expenditure and increase indirect taxes in the next Budget in a letter from the Association of British Chambers of Commerce.

Mr Tom Beardman, president of the Association, says that high marginal rates of income tax are a major factor in the reluctance of business to invest in new equipment.

"We, therefore, urge that you should re-think on Government expenditure and drastically raise the threshold and reduce the rates at all levels of the income tax. We consider that you could well also transfer some of the tax burden to indirect taxation."

## Managers 'surviving income tax demands'

FINANCIAL TIMES REPORTER

MANAGERS in Britain are not as harshly penalised by the personal income tax system as is often claimed, especially when other countries' higher costs of living are taken into account, says a survey published by Inbucor, the management consultants.

In Britain, the average married executive with two children retains 74 per cent of his gross income compared with 60 per cent in New York, 33 per cent in Sweden, 62 per cent in Belgium (34 per cent after social charges), 73 per cent in Switzerland, 76 per cent in Holland, 80 per cent in Italy and 64 per cent in France.

While the tax curve rises more steeply in the UK than most European countries except Holland and Sweden, social security contributions on the Continent further reduce disposable income even taking family allowances into account. In the UK, the value of family allowances, pensions and the social security contribution.

According to the Inbucor cost of living index covering the fairly comfortable life-style

is kept within the confines of what revenue can be raised without the imposition of an excessive burden of taxation."

Falling oil on the past had seen a major contributory factor to the country's economic problems in general and inflation in particular.

"We, therefore, urge that you should re-think on Government expenditure and drastically raise the threshold and reduce the rates at all levels of the income tax. We consider that you could well also transfer some of the tax burden to indirect taxation."

## Manchester seeking more conferences

BY OUR NORTHERN CORRESPONDENT

GREATER MANCHESTER hopes to win a bigger share of the UK conference trade worth £300m a year with the opening of a new centre to handle marketing and inquiries.

Greater Manchester, with a population of 2.7m, has about 100 hotels and several large centres besides the area's academic institutions.

A new city centre, opened in Manchester this week, will be controlled by a joint management committee with equal representation from the County Council and the commercial sector.

Most of the £300m a year cost of running the centre will come from the County Council, but it is thought about £12,000 will come from the commercial sector, contributions and subscriptions to a newly formed Manchester Conferences and Exhibitions

## £25m plan for new version of Jetstream

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

By Michael Donne, Aerospace Correspondent

BRITISH AEROSPACE is to invest up to £25m of its resources in developing a new version of the twin-engined Jetstream light transport aircraft.

The venture will be undertaken by the nationalised group's Scottish Aviation factory at Prestwick, Ayrshire. It will eventually increase the labour force from 1,400 to 1,800.

Announcing the venture yesterday, British Aerospace said that extensive studies of the world market had indicated a strong long-term need for a light, twin-engined transport aircraft to suit commuter-type airlines, business organisations, and military bodies.

### Three types

The new aircraft will be called the Jetstream 31. It will be developed from the existing Jetstream, which was originally developed by Handley Page, but later taken over by Scottish Aviation.

The Jetstream 31 will be developed in three versions — an 18-passenger commuter model, an 8-10 passenger executive aircraft, and a special version for military and specialist roles such as resources surveys, coastguard duties and training.

## Laker plans advance Skytrain bookings

SIR FREDDIE LAKER

Seeks to end queues



SIR FREDDIE LAKER

Seeks to end queues

understood to be supporting the Laker plan, because it will prevent the airport from being congested again for days on end by waiting Skytrain passengers.

Westminster City Council, which bore the brunt of public health and other problems caused by last summer's queues, is also understood to welcome the plan.

Laker Airways originally wanted the licence change to become effective last month, but because of delays in the public hearing, is now asking for it to be authorised as soon as possible.

It seems unlikely that the Civil Aviation Authority could complete its studies in time for the Christmas holiday rush, in view of the timing of the public hearing. But it is possible that it could take a decision in time for the New Year, and certainly well ahead of the summer season which starts on April 1.

hearing in London on December 20 and 21.

Both British Airways and TWO HUNDRED workers will lose their jobs with the closure of a Telford, Shropshire, foundry.

The Eagle foundry, part of the Sinclair ironworks complex at Kellie, will close in February, special non-reservations operation.

The British Airports Authority, which runs Gatwick Airport, is

continuing fall in demand from the motor industry.

After checking with the five largest tour operators it found that more than 75,000 of a total capacity of 1.7m holidays had already been sold for next summer, or 41 per cent of the travel agent, who has to capacity.

## Second direct-sell operator enters UK holiday market

BY ARTHUR SANDLES

A SECOND Scandinavian direct check availability with the tour operator, the tour operator has entered the British travel market, saying that the Briton is "paying too much for his package holiday."

### More home news on Page 27

service and the client is left with long periods of frustrating uncertainty.

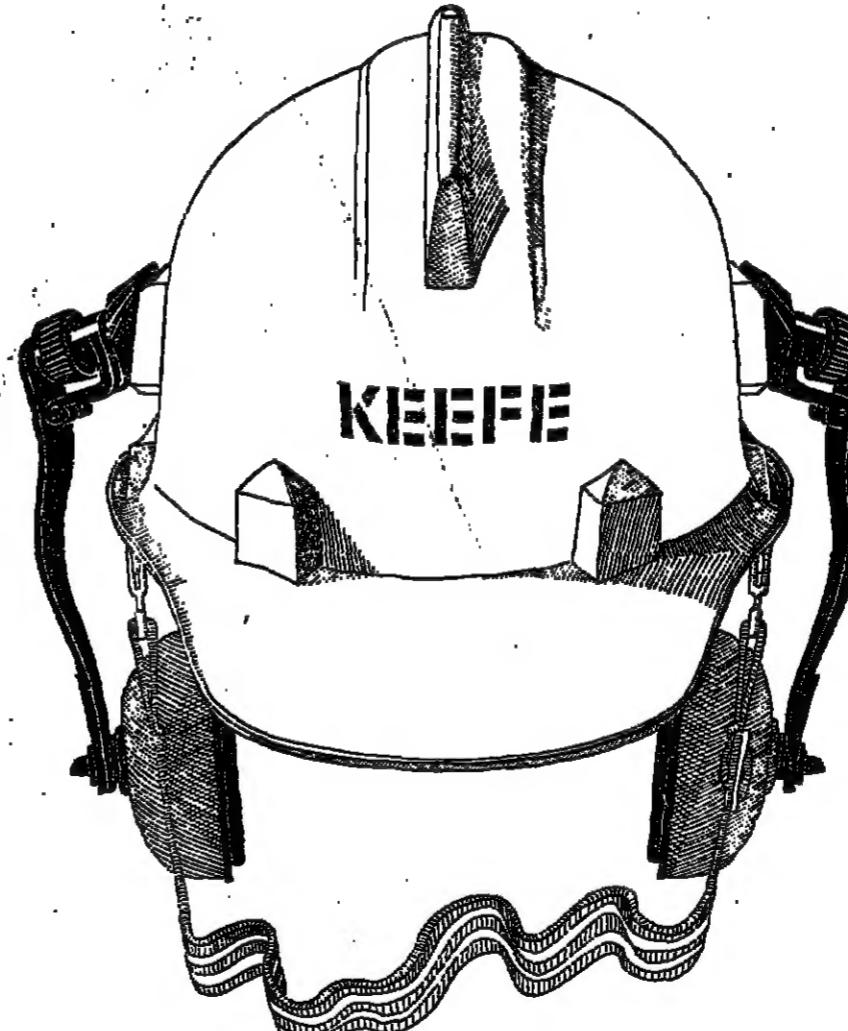
Mr Christo Mafoussou, managing director of the parent company, said that it had felt the British were paying too much for their holidays.

### Rush for trips abroad

FOREIGN HOLIDAY bookings are running about 150 per cent up on this time last year, according to the Association of British Travel Agents.

After checking with the five largest tour operators it found that more than 75,000 of a total capacity of 1.7m holidays had already been sold for next summer, or 41 per cent of the travel agent, who has to capacity.

## Brain Gain.



Peter Keefe is British. He didn't have to go to North America or anywhere else to find his platform. Just 210 miles north-east of Aberdeen he discovered all the challenge he needs for his engineering skills. A brain gain for the U.K.

More of Peter later.

But first a word about the extraordinary mix of talents which made North Sea oil success possible.

When that stormy body of water was a new oil province, our immediate need was for people experienced in searching for oil beneath difficult offshore waters. Initially, that meant attracting geologists and geophysicists from Mobil companies around the world, building a professional team with the intuitive 'nose for oil' that comes mostly from the bad-luck experience of not finding it.

When we found the Beryl field in 1972, our people needs suddenly shifted.

Preparing for oil production and delivery ashore called for an entirely different breed of oil people, with skills ranging from platform construction to seamanship. They, too, came from all over the world; wherever we had the best people for this unique job.

Producing the oil required still a third breed: hardy, technically skilled, and prepared to live for weeks at a time on a remote industrial island, over two hours by helicopter from Aberdeen.

In the world class competition for oil people, companies like Mobil must make efforts to grow their own talent. And there's no better place for that than in your own oil field.

Today, 82 per cent of our North Sea people are British. We expect that percentage to keep rising as our home-grown managers, professionals and technicians become increasingly experienced in today's oil field disciplines.

And we're working to help bring this about. Last year our North Sea people attended some 75 different training courses. And for several years we have been providing financial support to universities to help them strengthen their programmes for training petroleum specialists.

We're all winners in this brain gain, for bright young people are our future.

Peter Keefe is one of the two key managers of the Beryl platform — in sole charge of this £260 million complex much of the time. Not bad at 33. And not bad for getting the sort of experience which will be needed to continue the effective development of North Sea oil.

Eighth in a series on the challenges of North Sea Oil. For a complete set of these advertisements write to: Manager, Public Affairs, Mobil North Sea Limited, Mobil Court, 3 Clements Inn, London WC2A 2EB

Mobil

## PARLIAMENT AND POLITICS

# Foot stonewalls on sacked union man

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

**TORY SPEAKSMAN** protested in the Commons yesterday over the case of Mr. Joseph Thompson, who lost his job because his union card was withdrawn by the National Union of Dyers, Bleachers and Textile Workers.

Mr. Thompson, of Yeadon, Leeds, had his card taken away when the union found out that as a school-leaver many years previously he had worked for a "blacklist" company.

But the Conservative complaints met with stonewalling response from Mr. Michael Foot, Leader of the House, who—*as former Employment Secretary*—was responsible for drawing up the Act which governs the closed shop regulations.

Mr. Foot, standing in for Prime Minister's questions in the absence of Mr. James Callaghan, agreed that the rules should be interpreted in a liberal fashion. He suggested, however, that some of the Press reports on Mr. Thompson's case had been misleading.

Mr. James Prior, Opposition Employment spokesman, said that since the guidance was largely the result of Mr. Foot's legislation, he should discuss the matter with the Prime Minister on his return from the EMS negotiations in Brussels.

Mr. Prior pointed out that during the committee stage of the Trade Union and Labour Relations (Amendment) Bill, the Opposition had fought for a genuinely independent tribunal which could hear appeals in such cases.

"This would certainly prevent the sort of passions being aroused which only bring trade



MR. MICHAEL FOOT

unions and the rest of the country into considerable contempt," he declared.

It was not acceptable, said Mr. Prior, that the only right of appeal on the closed shop was to a TUC-nominated body which was judge and jury in its own case.

There had to be a right of appeal to a totally independent court or tribunal. "Nothing else will suffice to allay widespread public anxiety," he declared.

Mr. Foot said he was prepared to discuss the matter with the Conservative Party. Nevertheless, it would not be right to make an off-the-cuff comment when the

Opposition seemed to be taking seriously a grossly misleading newspaper account of the matter.

This brought an attack from Mr. William Whitelaw, deputy Leader of the Opposition, who asked: "Are you actually seeking to justify depriving a man of his livelihood not for something that happened 13 years ago?"

The Leader of the House assured him that he was saying nothing of the sort.

So far, the case had not been referred to the independent review body set up under the auspices of the TUC.

Before such an appeal was made, the case might well be a matter for further consideration under the internal procedure of the Dyer's Union.

Mr. Evelyn King (Con. Dorset S.) wanted a firm undertaking that a statement would be made to the House once the facts had been established.

He suggested that that would be a good time to announce that the legislation of the closed shop would be revised in order to prevent such "brutalities."

According to Mr. Foot, Mr. King had completely misconceived the situation.

The recommendation of a 50-50 representation was a modest proposal.

From the Conservative front bench, Mr. Patrick Jenkin appealed to the Government to recognise that there was opposition in many quarters to the proposal that member representation should be the exclusive nomination of trade unions.

He wanted the Government to abandon "this foolish proposal" and restore a bi-partisan policy on pensions.

Mr. Orme said that the Government had not changed its view on member participation and felt that pension schemes could best be run by giving certain rights to recognised unions. "We are certain that these rights will be exercised responsibly."

However, Mr. Leslie Hockfield, Industry Under-Secretary, said that after considering the company's pay settlement in the light of all relevant circumstances, the Government decided that it would be inappropriate to interfere with future payments under financial aid to companies, such as industry, trade and the terms of existing offers of employment, said that account financial assistance to Ford.

Ministers added that they would involve those public bodies for which they were responsible to take into account the Government's decision.

Ministers responsible for grant-

"Ford 'only target so far'

BY OUR PARLIAMENTARY CORRESPONDENT

THE FORD Motor Company is the only concern against which the Government has imposed sanctions in the current pay round. Mr. Joel Barnett, Chief Secretary to the Treasury, said:

More details of how the Government intends to apply sanctions emerged in written answers to questions from Conservative MPs.

Mr. Barnett told the Commons: "Discretionary action is only taken when a pay settlement is concluded in breach of the guidelines and no re-negotiation is in progress."

In the present pay round this situation has only been reached in the case of the Ford Motor Company, against which discretionary action is being taken."

All the main Government departments stated last night that they would comply with the decision to impose sanctions against Ford.

The stock reply from the Ministries was: "Save in exceptional circumstances of overriding public policy, my department will not place contracts or invite tenders in respect of Ford when it comes to considering applications for aid.

Ministers added that they would involve those public bodies for which they were responsible to take into account the Government's decision.

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LOMBARD

# Industry and the no-fight funds

BY ANTHONY HARRIS

IT IS some time now since brokers were in the habit of complaining that the institutional investors behaved collectively like a lot of sheep. They expected, in the great crash and rebound of 1929-32, to have taught them not to stampede so readily, and nowadays it is currency speculators who are accused of herd instincts. However, this is not so much a matter of courage as of one brute fact. When dollar holders want to switch they can normally find central bankers only too willing to buy. The institutions can not collectively dump British industry, though; there are no buyers.

## Gilts market

In another sense, the institutions may still appear quite sheep-like to the more astute observer. Sheep can be made to go where you want them to go by barking at them. The institutions, as the TUC acknowledges, are beginning to stir themselves. However, just as this development began in look promising, the Government has re-launched the silly idea of outlawing insider trading.

This could prove a blessing in disguise: if it provokes a move to make a visible separation between the dealing role and the shareholder role, it might also produce some better ideas than the TUC's on how the shareholder role should be discharged.

## Self defence

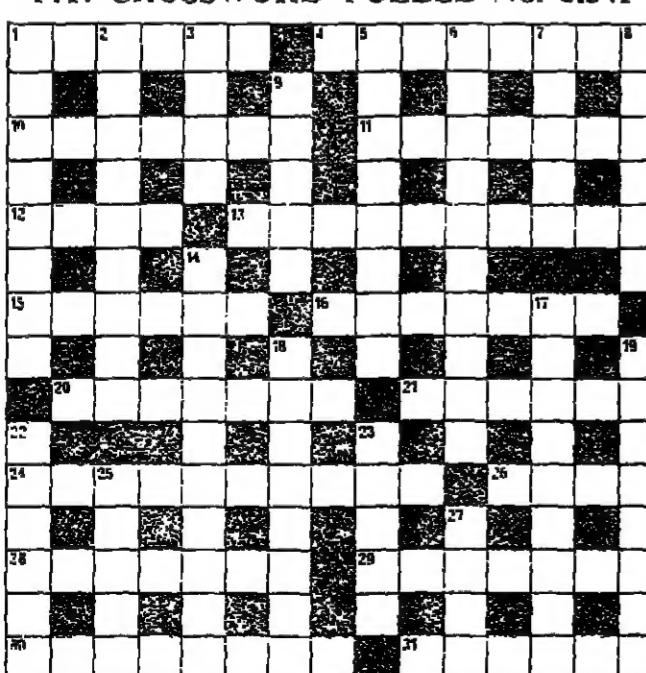
The first point that might become evident is that the provision of new capital is only the means of the problem. It is as true of financial as of physical capital that our central problem is not so much to provide more as to get more out of what we have. The second point might be an admission that the institutions, which are collectively locked in, are largely locked in individually.

The details are for experts, but one can guess the general line: a management trust, to hold what is acknowledged as a permanent shareholding. This would forfeit the right to deal and receive management information in return—a sort of institutional N.E.B., with good investment/bank management. It might represent more than one institution and would bid for its new money on the basis of its own performance, which would certainly be better than that of a tripartite fund. If some such imaginative self-defence results, I hope that the TUC's threat is taken seriously.



+ Indicates programme in black and white  
BBC 1  
12.45 pm News 1.00 Penh Mill. 1.45 Over the Moon. 2.00 Paul Smith's Concert Hall. 2.35 Regional News for England (except London) 2.35 Play School. 4.20 Wall's Gitter & Jockey. 4.40 Animal Music. 5.05 John Craven's Newscast. 5.10 The Moon Station. 5.35 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.45 Are You Being Served?

## F.T. CROSSWORD PUZZLE No. 3.841



**ACROSS**  
1 Watchword of the Salvation Army (13)  
4 Where one may see stonies and stones still (13)  
10 Beginning 'That's a quote' (7)  
11 Redens come round carry over (7)  
12 Support remainder and pause (4)  
13 Toy for pastime. Akin follower (4-5)  
15 Work doggedly with a Poie or Yarrow (6)  
16 Trouble in telephone company (7)  
20 Pardon ear about home (7)  
21 Innate food we hear (8)  
24 Divide cost of security quota-tion (5, 5)  
26 Call for one aide (4)  
28 Without enough illustration (7)  
29 Id to go in to prove supply (4)  
30 Indulgent to the French bon-bon (8)  
31 Soldiers posted late ill (6)  
**DOWN**  
1 Food supplier has to take with soldiers on ship (8)  
2 Gunners in attack in down-pour (9)  
3 Soldier. Id follow to attack (4)  
5 Celibacy or celibate the world would be peant queen could have (14)

**Solution to Puzzle No. 3.840**

**RADIO 1**  
(1) Stereophonic broadcast medium wave  
5.00 am News Summary 5.00 Tong Braden's '6-Week Cricket' First Test Match 5.15 Radio 1 5.20 Radio 1 5.25 Radio 1 5.30 Radio 1 5.35 Radio 1 5.40 Radio 1 5.45 Radio 1 5.50 Radio 1 5.55 Radio 1 6.00 Radio 1 6.05 Radio 1 6.10 Radio 1 6.15 Radio 1 6.20 Radio 1 6.25 Radio 1 6.30 Radio 1 6.35 Radio 1 6.40 Radio 1 6.45 Radio 1 6.50 Radio 1 6.55 Radio 1 7.00 Radio 1 7.05 Radio 1 7.10 Radio 1 7.15 Radio 1 7.20 Radio 1 7.25 Radio 1 7.30 Radio 1 7.35 Radio 1 7.40 Radio 1 7.45 Radio 1 7.50 Radio 1 7.55 Radio 1 7.60 Radio 1 7.65 Radio 1 7.70 Radio 1 7.75 Radio 1 7.80 Radio 1 7.85 Radio 1 7.90 Radio 1 7.95 Radio 1 8.00 Radio 1 8.05 Radio 1 8.10 Radio 1 8.15 Radio 1 8.20 Radio 1 8.25 Radio 1 8.30 Radio 1 8.35 Radio 1 8.40 Radio 1 8.45 Radio 1 8.50 Radio 1 8.55 Radio 1 8.60 Radio 1 8.65 Radio 1 8.70 Radio 1 8.75 Radio 1 8.80 Radio 1 8.85 Radio 1 8.90 Radio 1 8.95 Radio 1 9.00 Radio 1 9.05 Radio 1 9.10 Radio 1 9.15 Radio 1 9.20 Radio 1 9.25 Radio 1 9.30 Radio 1 9.35 Radio 1 9.40 Radio 1 9.45 Radio 1 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# The Management Page

EDITED BY CHRISTOPHER LORENZ

ARE YOU one of those people who— from time to time— dream of becoming an entrepreneur and starting up your own business? Do you dream of never working for someone else again? And there, but for the grace of God, go you?

If the answer is yes, then he prepared to envy Michael Peirce, who last summer was a lecturer at Trinity College, Dublin, and is now managing director of his own new company, which is aiming for sales worth £250,000 in its very first year.

As with many business developments in Ireland, Peirce's project owes much to the intervention of the Industrial Development Authority.

The IDA is probably best known for its ability to attract foreign investment to Ireland through a package of attractive grants and tax relief. But an encouraging indigenous industry is just as much part of its work.

A survey of new Irish-sponsored enterprises set up over a five year period, which was conducted by the Authority found that there were few first-time entrepreneurs coming from Ireland's professional, technical and management base.

It suggested that there were two major barriers preventing such people from embarking on business on their own. First, a manager with a good idea and support from the IDA would find it very

difficult to raise the finance from commercial sources.

The second point is that, as in other countries, the manager is locked into his present job because it is secure and relatively well paid; he will usually be supporting wife, children and mortgage, and would therefore not be able to afford the risk of becoming an entrepreneur.

## Crucial

Michael Peirce says definitely that he would have started without the IDA. He feels he could not have had too much problem borrowing from the banks, and if not from them, he would have raised it from private individuals. But when in response to his study, the Authority announced its Enterprise Development Programme just over a year ago, Peirce was one of the first applicants.

He is the first to admit that he has been able to raise far more money with the IDA's support, by the IDA—whose main function in life is

to create new jobs—will include among its activities the installation of automated equipment.

Peirce graduated in production engineering from Trinity College, Dublin in 1964 and took his master's in Industrial Relations. He joined ICI as a trainee engineer and rose to plant engineer, rejoining Trinity College in 1970 as a lecturer in the school of engineering.

In 1973, together with Robert Ardill, another Trinity graduate and now a co-director of Mentece, he was awarded a grant by Ireland's National Science Council to study computer aided manufacture. It was, he says, a fairly typical university-industry liaison; they looked at uses of microprocessors and mini-computers, which required manufacture as well as consultancy.

Up till now companies in

Ireland wishing to install control systems for process plant, using microprocessors and mini-computers. It will provide the hardware as well as the expertise, and will manufacture circuit boards which form part of what the computer men call "interfaces" between pieces of equipment.

One obvious irony in the short term at least, is that Mentece is being restrained within its existing environment. Although he is quick to defend Trinity, he

has had to rely on firms in the UK and North America to supply the expertise. Peirce's rationale was that there was no reason why this should not be tackled by the Irish themselves.

He points out the cost advantage of using local skills, not least because of lower travelling expenses. More important, he says, companies should be much happier to know that there is a service back-up within easy reach.

He cites three main factors in the way he set up his company. First and foremost was his perception of a particular commercial opportunity in the field of micro-processors and mini-computers, which required manufacture as well as consultancy.

Secondly, he could see the IDA's Enterprise Development grants coming—a year before they were announced, he claims, and this provided the key to his timing.

The third point was that he

was feeling restrained within his work he was proposing. The IDA, he said, was much more capable of assessing the project than were the banks.

According to Peirce there was little problem in raising the IDA but, he believes, also

inception in the UK.

Certainly, the financing deal which Peirce secured with the IDA is an attractive package. It is a joint venture with a share capital of £40,000, of which £20,000 is from the IDA, giving it a 49 per cent stake. The remaining 51 per cent is held by Peirce, who put in £15,000, and Ardill with £5,000. Part of the agreement is for them to buy the IDA out within seven years, at par.

Such are the benefits of the company gains through being part of Enterprise Development which is being partly orchestrated by the IDA. An interesting reflection on grants. This means Mentece will be receiving a 45 per cent grant towards the £185,000 cost of buildings and equipment.

According to Peirce there was little problem in raising the IDA but, he believes, also

in cases of dispute referral be careful when agreeing with should be made to the Indian parties to arbitration outline UNCITRAL Arbitration Rules. side India: Indian courts have It should be said that the courts recently shown dislike of arbitration of Algeria, Ghana, Tunisia, and tration abroad, arguing that it Egypt show a favourable may prove too expensive for attitude towards international Indian parties. Arbitration in commercial arbitration. In the other African countries and an institution has recently been set up for arbitration in foreign trade, called BANI.

More or less developed arbitration systems can be found in Of the Middle Eastern countries, only Israel, Lebanon and Sri Lanka, Pakistan and the Philippines.

Syria have adequate arbitration law. A fairly modern system China has established two can be found in Iran and, to a lesser extent, Kuwait, but is equipped for arbitration of Saudi Arabia. It is only now being foreign trade and maritime drafting. In some countries, disputes. Their leading concept like Iraq, even an arbitral clause referring future disputes has a great resemblance to arbitration is invalid. None of the Middle Eastern countries has an arbitral institution that in the West, takes place and only Egypt, Kuwait and Syria adhered to the New York Convention of 1966.

Many African countries have Israel—a country with an extensive arbitration practice—also did so and introduced an arbitration law in 1968, but care should be taken in arranging the appointment of the arbitrators.

An entirely new and modern arbitration law, prepared by French experts, was enacted by Ethiopia in 1960. Egypt also

introduced a new and better arbitration law in 1968, but care should be taken in arranging the appointment of the arbitrators.

Though only Argentina, Chile, Peru and Mexico have some experience in arbitration, the advantage of arbitrating in Latin America may be that if the Latin American party loses the case, enforcement will have more chance of success than would a foreign award. This is because only Chile, Ecuador, Bolivia, Ecuador, Colombia and Venezuela for example, do not allow arbitration clauses to be governed by the New York Convention of 1959.

The situation in Africa is but none has an institution which administers arbitration. Foreign parties should, however, Convention of 1958.

In the Far East, India has excellent arbitral institutions, the Philippines and Thailand

have adhered to the New York Convention of 1958.

In other developing countries of the Far East arbitration laws are insufficient and there are no proper arbitral facilities. However Sri Lanka, Khmer Republic, Nigeria, Tunisia and Tanzania

have adhered to the New York Convention of 1958.

China has established two arbitration commissions well-

known, the Chinese Arbitration Commission and the Chinese Arbitration Commission.

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# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## DATA PROCESSING

### Project to build a rugged terminal

JOINT sponsorship is being given by the Department of Industry and the Ministry of Defence to an unpreceded project for a feasibility and marketing study leading ultimately to the development of a low-cost universal shop floor data terminal.

Organising in one of REME's workshops the idea is for a simple device which will provide the input to a simplified information control and scheduling system, and a study contract to lay the foundations for the project has been placed with Automatic Revenue Controls of Watford, Herts.

Senior staff from this organisation are looking at the project from two viewpoints: firstly engineering input that will cover the toughest of plant environments. Inevitably, considerable use will be made of micro-processors. Export potential is high.

In the latter sector, industries needing such equipment will be identified and the market assessed. Further information from Automatic Revenue Controls, Shakespeare Industrial Estate, Watford WD2 5DH, Watford 44300. Market enquiries should go to Mr. Peter Lockett and engineering queries to Mr. Clifford Osborne.

### Plans for action listed

SIGNIFICANT PROGRESS was made at the recent meeting in Brussels of CECUA, the Conference of European Computer User Associations, towards obtaining full representation of user associations within the member countries.

Of particular importance to user organisations, it was decided, are: social implications of computing, data privacy and security, telecommunications, standard and portability, maintenance, small systems and small users, education and training, and contractual terms.

These subjects were discussed with officials of the European Commission and it was agreed 5333.

### Study of Europe's needs

SYSTEM DYNAMICS has been identified potential application selected by the Commission of Europe which may be considered by the European Communities to support by the commission carry out a study of future applications of computers in Europe.

Mr. F. J. Kennedy, joint managing director of the group, is the study project team manager.

Objective of the study is to

## MATERIALS

### Seals holes under water

HIGH VISCOSITY, two com sheet piling walls, pipelines, pontoon epoxy coating free of tanks, marine craft and concrete solvents may be applied to wet drainage ditches, surfaces or underwater and will cure reliably without shrinkage.

Quentoplast Underwater has excellent adhesion to metal, concrete, timber and other structures. When cured, it withstands high mechanical stresses and is resistant to fresh and salt water, oils, effluents and sewage.

It can be used for applying on wet surfaces that cannot be dried and structures partially or completely submerged in the water, either as a gap filler or as a coating. Types of areas where it can be used are concrete foundations,

concrete and steel structures.

Different application techniques have been devised for applying to wet surfaces, waterline splash zones or underwater foundatons of buildings.

Quentoplast, Thorp Arch Trading Estate, Wetherby, West Yorkshire LS23 7BZ, 0937 843388.

### Cuts static electricity

BUILD-UP OF static electricity in carpets made from synthetic fibre can occur on the body during walking and give an unpleasant kick when a person makes contact with earthed fittings in the same room.

One answer is an anti-static yarn developed at the International Wool Secretariat's Centre in Ilkley, Yorkshire. It is being produced by A. W. Hainsworth & Co. of Pudsey, carpet yarn spinners and marketed by Bekaert of Belgium.

The fine worsted carpet is made from 85 per cent wool and five per cent steel fibre. The

thread is incorporated into the carpet yarn in amounts to keep static content down to about 0.25 per cent—too little to be visible but enough to prevent build-up of a charge due to the presence of the connecting strands.

Suitability needs to be measured against expense however: the steel fibre costs about £70 per kg and adds between 15 and 20 pence to the price of a square metre at the manufacturing stage.

Further from Wool House, Carlton Gardens, London SW1Y 5AE (01-930 7300).

### Keeps fire at bay

JUST MARKETED in London and the home counties is a multi-purpose rockfire board called Alphire from Bingley, Son and Follett, Millbank Works, Minerva Road, London, N.W.10 (01-965 4631).

This is said to be especially suitable for fire-proofing structural steelwork as it is tested to BS476 part 8. It is asbestos-free, lighter than usual panels, and

decorated with either paint or wallpaper.

## SAFETY

### Health hazard lessened

NOW BEING manufactured under licence in Britain is an incinerator from America where it has been used in hospitals, veterinary establishments and pharmaceutical laboratories to give a clean burning programme.

Because it works on the "starved air" principle, with the result that waste is reduced to a sterile ash, the unit is said to be capable of burning waste and also its own smoke so thoroughly that it can pass the strictest pollution laws in the UK and U.S.

To protect the operator during loading a special device is built into the unit, which is presently being used by the Manchester Ares Health Authority for handling 300 lbs an hour of infectious waste from isolation wards in a local hospital.

It is also proving very effective in dealing with high proportions of plastics which are often present in particular types of waste, says the UK licensee, The Beverley COMTRON, Beverley Chemical Engineering, Billingshurst, Sussex RH14 9SA (040 381 2081).

Accrapak Systems, Taylor Industrial Estate, Rialdy, Culcheth, Warrington WA5 6BL.

Accrapak Model 3000 incorporates a 2.1 metre (7 feet)-cube blending chamber having a blending capacity of around 3,500 kg (3½ tons). The mixing cube is rotated about diagonally-opposed axes by a back-to-back drive. Control facilities available with the blender include rotary "inching" of the mixing cube in forward and reverse directions.

To ensure operator safety during blending, the cube and associated drive are enclosed by a guard fence with interlocked safety gates.

The blender is supplied complete with a pneumatic material feed and take-on system and has been designed for easy cleaning down and visual inspection.

Accrapak Model 3000 installation was recently commissioned at the Wigan factory of Archer Plastics, where running tests have shown that it is capable of uniformly blending 3½ tons of polymer in 15 minutes. Charging of the blender can be accomplished in a little over one hour.

These are padded on both sides and can be supplied with or without button quilting on each face.

All are covered in hexagonal mesh from a range of 45 colours of which eight are flame retardant as standard.

## STORAGE

### Protects the materials

PRESIDENTLY under construction

is the Grain Power Station in Kent which when completed will

have an output capacity of

3300 MW (roughly the equivalent of seven Battersea power stations), making it one of the largest oil-fired power stations in Europe.

At the site there are four

air-cooled fans which cut in automatically in the event of a power failure — although that is considered unlikely at the site involved.

Valued access to these storage

areas is via power-operated

overhead airlock doors, the

largest of which is 4.27 metres

square. In addition, all have

personnel entrance airlock doors

and standby emergency exits.

The anticipated minimum life

of the airhouses is eight years

but, says the maker, there is no

reason why, under normal conditions, a life of 15 years or more

should not be achieved. Installation

on a prepared concrete base

is normally completed within

five days and inflation of the

structures takes only 15 minutes,

after which they are immedi-

ately ready for use.

SOLE UK manufacturer is

Clyde Canvas, 32, Bay Street,

Port Glasgow, Renfrewshire,

Scotland. (0475 41261).

## IN THE OFFICE

### Produces copies at faster rate

PLAIN PAPER copier, the Nashua 1215, is being introduced to the UK early in 1979 with a more comprehensive specification than the 1210 model it replaces.

A 25 per cent faster speed of 15 copies per minute, and the larger paper pack, lens and mirror system from the more expensive copiers in Nashua's 1200 series provide better copy quality.

First copy time is 5.5 seconds, with subsequent copies every 15 seconds, which makes the 1215 faster copier to use in typical office environments than copy/duplicators of twice the speed but longer warm-up periods.

The copy counter, once set, will remain constant for however many originals there are in that particular job. As soon as the copier is switched off, the counter returns to "1" to save the possibility of wasted copies by the next user.

Other features include an adjustable paper cassette to take a variety of paper sizes, from A5 to B4, a raised edge plate for easy book copying, an electronic "brain" that automatically adjusts the print process to cater for light or dark originals, and automatic shut-off to save electricity when not in use.

Nashua Copycat, Copy House, Bracknell, Berkshire RG12 1ET, Bracknell (0344) 54321.

### Will cut the clatter of machines

PROMISING MORE silence in offices containing computers, word processing and telex machines, etc., are two ranges of acoustic screens now being marketed by Delphi Systems (UK), 56, Chiswick High Road, London W4 1SZ (01-995 8301).

The Panorama has anodised aluminium-framed screens with side members and can be joined together by a flexible connector. One face is padded and button quilted.

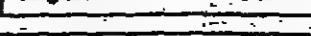
The second range, Apollo, has upholstered edges and may be joined into a continuous run by means of links and receivers supplied as optional extras. These are padded on both sides and can be supplied with or without button quilting on each face.

All are covered in hexagonal mesh from a range of 45 colours of which eight are flame retardant as standard.

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## FINANCIAL TIMES SURVEY

Wednesday December 6 1978

الجامعة

# Nordic Banking and Finance

## Looking for a new order

By William Dullforce  
Nordic Correspondent

**THE INTERNATIONAL** recession has revived within the Nordic bloc old arguments about political steering and control of the financial markets.

In at least three of the four countries some liberal bankers and economists appear to feel that the time is ripe to resume the challenge to the credit rationers and interest fixers and to push the case for a return to free market-oriented systems. In some cases they have the support of their central banks.

The principle that the movement of money should be controlled and directed to politically desirable purposes has become firmly entrenched in the social-democratic countries of Northern Europe since World War Two.

The present pressure for liberalisation is tentative, by no means concerted at the national level and has already run into political opposition—but it remains one of the most interesting developments on the Nordic banking scene.

Industry was not neglected. In all four countries it experienced an unprecedented expansion in the 1950s and 1960s, as the Nordic banks, as their ever profited from the low interest policy but industrial import foreign business has expanded since 1973, but there are more fundamental reasons...

The recession has underscored the dangerously top-heavy superstructure of the Nordic welfare states, in which the growth of social services over the past two decades has outstripped the productive base. The need to expand, and in some instances to re-organise, industry is now strongly felt in Denmark, Finland, Norway and Sweden alike.

## Competition

Now, however, many typical Nordic branches—shipbuilding, steel, metals, shipping, and even cars and forest products face tougher competition from new producers, operating with lower costs.

It has been estimated, for instance, that 15 to 20 per cent of Sweden's industrial capacity can be knocked out by this competition: at the same time Swedish companies' capacity to generate their own funds has fallen from three quarters of investments in the 1955-59 period to one-third in 1974-76.

There is a question both of how capital is to be raised and how it can be channelled to those companies or branches which can use it most effectively.

The liberal argument is that the new challenge to Nordic industries calls for a capital allocation system which is more sensitive to consumer demand, either at home and on foreign markets.

The capital formation problem—advantageously to be—

is recognised among the social-democrat parties and the union movements but the solutions proposed are for the most part rather different.

The Swedish unions want a part of company profits to be diverted as new share capital to employee funds, which would be collectively owned and administered. The Norwegian labour movement believes that the revenues from North Sea oil should be invested under state control.

The presentation given above is admittedly schematic and over-simplified. It ignores the variations in attitude and historic development among the four countries. But it is fair to say that the world recession has brought these countries to a point where they will have to decide in which direction to move from their present financial systems and institutions, either towards even greater planning and central steering or towards methods which would give more play to market forces.

The issue is, of course, political and the answers may not be the same from the four partly because the banks were confused by the central bank's simultaneous move that they should not try to push rates up too fast and partly because the supply and demand of credit were still regulated. Similarly,

In Finland, the situation makes

the Government's change in political opinion. Similar confrontations over independence and influence on price and wage freeze was extended to lending rates.

in national economic policies of the Bank of Finland. Here the

Most significantly the Bank of Norway's action provoked strong reaction not only from the trade unions and within the ruling party but also from the Centre and People's Christian parties. traditional strongholds

of the low interest rate philosophy. The result is that renewed debate is vital for Norwegian bankers are now

waiting for reports from two committees.

one hastily assembled to study interest rate strictly practical reason: the

recently by the boom in the bank's foreign business in connection with the financing of the Nordic countries' expanding

rate controls.

## Controls

This committee will most probably support the Bank of Norway's line by concluding

that recent developments on the

financial markets have been in

many of them with a specific political

objective, to meet the demand

for credit which is not being

satisfied through the traditional

channels. In many instances,

these funds are purveyors of

subsidised credits.

In Norway the expansion of

the state banks at the expense

of private banking is well

documented and has reached a

point at which the Bank of

CONTINUED ON NEXT PAGE

Norway and some senior Government ministers see the need to reverse the trend. In Denmark a private mortgage bond market has developed alongside the four authorised mortgage credit institutions and is now in fact being organised by the private banks. It has also become a typical reaction for an industrial or commercial association to meet its members' funding requirements by founding a financing organisation of its own to raise credit, generally on foreign markets.

In Sweden one of the potentially most important events of the year was the report of the government-appointed Capital Market Commission published in January, almost a decade after the commission's foundation. If its majority recommendations are implemented, it could open the way to a typical Swedish compromise between the liberalisers and controllers, providing in large measure for market-oriented systems and the continuation of a mixed economy.

The commission highlights the need for a boost to industrial investment, which would simultaneously call for an increase in both private and public savings. The commission's thinking was much clearly demonstrated in its approach to the role of the National Pensions Fund, which now dominates the Swedish capital market and the stock market.

If the present retailing facilities of the Pensions Fund are to be revamped, so that companies would have to compete more sharply for funds, and if it is expected the stock market as an "effective instrument" for allocating capital resources, where rules should be extended. These recommendations can be seen as a future goal for the liberalisation lobby, and it is expected a

point at which the Bank of

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Second biggest commercial bank	14.6	13.6
Others	16.6	16.2

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## NORDIC BANKING AND FINANCE II

## THE SHARES MARKETS

## Renewed interest

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Balance Sheet Total	1,025	608	558
Credit Volume	558	431	40
Share Capital	40	40	40

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THE NORDIC shares markets are small and, with the relative exception of the Swedish, have not functioned as major sources of capital. According to a compilation in the Swedish Capital Market Commission's report the ratio of share capital to national GNP in 1976 was 14 per cent in Sweden, 9 per cent in Denmark and 5 per cent in Norway: this compares with ratios of 28 per cent in Britain and 34 per cent in the U.S. where of course the public sector is far smaller. (These comments apply to shares, the mortgage bond market dominates the Danish financial system.)

Recently, the Nordic markets have been at an ebb with low share prices, reduced turnover and little new issue activity apart from at the Copenhagen exchange, which has seen a spurge of new issues in the first half of 1978. It is perhaps not surprising that shares markets should be relatively insignificant in an area of the world, where Social-Democratic parties have dominated and socialist thinking has prevailed within a mixed economy philosophy.

Now, however, the shares markets are at least edging back into the spotlight of public discussion. The Swedish Capital Market Commission advocated an expansion of the Stockholm stock exchange as a source of risk capital for industry. In trying to conclude its deal to buy 40 per cent of Volvo, the Swedish automobile company, the Norwegian Government has had to promise to stimulate activity at the Oslo stock exchange.

The most detailed recent study of the situation of a Nordic stock market and the most sophisticated proposals for stimulating it have come from the Swedish Capital Market Commission which reported in January. Mr. Torsten Carlsson, general manager of Skandinaviska Enskilda Banken, wrote a study of the Stockholm share market as an appendix to this report and returned to this theme in a recent article in his bank's quarterly review.

His description of the present status of the market shows a failing rate of return on listed companies' equity capital over the past 12 years and a deterioration in companies' solvency ratios, notwithstanding sharp competition on foreign markets. Savings have been generated and channelled into risk capital for new ventures and expansions. New industries and new products have to be developed.

In planned economies the entire operation could be conducted within the public sector but for small countries, whose standards of living depend on trade with market economies there are obvious dangers in too rigid planning. Many pragmatic socialists in the Nordic bloc recognise the advantages of allowing market forces to determine the flow of risk capital to industry. To do this they have—albeit in wasted and crippled shape—instruments in hand in their stock exchanges.

In all four countries tentative action has been taken to better future role of the Swedish lot of share investors and shares market. But if private shareholding is to be stimulated, there must be changes in tax regulations to improve the conditions for investment in shares compared with real estate placements or insurance investment. An increase in the deduction people can make on their income tax returns for "income from capital," say, from the present SKr 800 to SKr 5,000, has been proposed. A change in capital gains tax so that it covers only not sales of shares rather than reinvestments in shares is another suggestion.

The Capital Market Commission suggested that insurance company investment in shares be stimulated by raising the limit for their investments in any one company from five to

immediately after publication but in recent months references to it in official policy statements and in public discussions of financial and economic matters have been remarkably few. Its promise to be the basic reference work for debate over the future of the Swedish capital market has not so far been fulfilled.

The Capital Market Commission pointed out firmly that industrial expansion called for a higher level of profits and of profit-retention in manufacturing companies. By implication the social charges on company profits would have to be eased. In its reasoning on this issue the committee touched two of the most sensitive areas in the current arguments about the financial systems of the Nordic countries—profits and taxation. In each case the commission's conclusions gave hope to the liberalisers in Sweden.

However, one must raise the question of the real impact of the commission's report. Its long period of gestation had aroused great expectations and its conclusions were spiritedly debated and commented on in-

## STOCK EXCHANGE FIGURES

	Stockholm	Copenhagen	Oslo	Helsinki
Turnover, 1976:	2,150m	353m	249m	137m
Turnover, 1977:	1,725m	259m	194m	126m
New issues, 1976:	1.4bn	931m	394m	299m
New issues, 1977:	360m	429m	329m	30m

ments in shares is lower than 10 per cent of the voting rights on other forms of savings. To reverse this situation listed share investments by the National Pensions Fund, propose larger profits and the double taxation on income from share of the stock or voting investment, which is common in the Nordic countries, has to be eased.

Both these suggestions strike completely overshadowed by the bond market, while investment in shares is dominated by the institutions, the insurance companies, banks and Workers' Pensions Fund which puts 15 per cent of its income into shares. Private investors look to the bond market where yields are much better.

At the end of 1977 the nominal value of the bond market was Dkr 270bn (\$54bn) and by the end of October this year it had reached Dkr 315bn. This compares with a nominal value of Dkr 12.2bn for shares at the end of October. The yield on the bonds averaged 17.34 per cent at that time while the effective yield on shares was 5.8 per cent. Turnover in bonds in the first 10 months of this year totalled Dkr 11.2bn, up Dkr 1.7bn from the corresponding period of 1977, while the shares turnover for the same period was Dkr 253m.

## Tax

At present a private investor in shares pays 50 per cent capital gains tax, if he sells his shares in less than two years and a 30 per cent coupon tax on the dividend. Bonds carry no coupon and no capital gains tax.

Under these circumstances shares carry little interest for the private investor and companies seek elsewhere for extensions to their equity. In fact those coming to the market with new issues are mostly young, growing companies seeking an introduction.

It was thought that Denmark's entry to the EEC in 1973 would stimulate foreign investment in Danish shares and some investors did move in while the shares were cheap and before prices had been coordinated with EEC levels. But foreign interest has inevitably moved to Danish Government bonds.

The shares market did receive a boost from the new Stock Exchange Act in 1972 which had the effect of opening up the market. Turnover rose sharply that year and the underlying trend since has been upwards. But as with other Nordic markets the Copenhagen exchange is hampered by the division in political attitudes towards shares investments. From time to time proposals to encourage savings in shares have been made but have not borne fruit in the Folketing (parliament).

One positive factor has been the expansion of share-holding by company employees.

Turnover in shares at the Oslo stock exchange collapsed from over Nkr 1.7bn (\$360m) in 1973 to Nkr 1.84m last year at the same time as the general share index tumbled from

around 180 to 70. The three main elements generating this development have been the decline in company profits, the bursting of the boom in oil company shares when it became apparent that the government would strictly limit the involvement of private Norwegian companies in North Sea development, and the shipping crisis which has deprived the market of one of its major sources, shipowners' capital.

Now the deterioration in industrial companies' solvency has led to the need to stimulate risk-taking equity capital have also been recognised by the Norwegian Labour Government. Proposals by the Finance Ministry to improve conditions for shares investment were adopted this year, when it needed to get trade union backing for its wage and price freeze.

In the pipeline had been plans to extend the obligatory capital placement on banks and insurance companies to shares. A Bill providing for this has been submitted to parliament to "invest" national pension fund capital in shares to ease company taxes and to change regulations on dividend incomes. These would have gone a considerable way to meet the recommendations of the Oslo Bourse Commission, which has also called for measures to encourage the issue of convertible bonds, changes in regulations for investment companies and easier access for foreign capital to the Oslo exchange.

The Government has indicated that it will return to its proposal in 1980, when the wage and price freeze is lifted. It is strongly motivated to do this by its desire to complete negotiations for the purchase by Norway of a 40 per cent interest in the Swedish car company, Volvo. Under the original agreement half the new share capital should be subscribed by private investors.

The Government has recently persuaded the three leading Norwegian banks to underwrite a Nkr 300m issue of shares and debentures in the new Volvo (Norway) Holding Company with the ultimate intention of spreading the shares on the market.

The growth of the Helsinki stock exchange has been limited by the traditional concentration of private savings in bank deposits and by the large share of outside capital in company investment. Turnover reached a peak in 1973 when trading amounted to Fm 291m (\$70m), of which Fm 204m was in shares but since then share prices have fallen and turnover in 1977 was Fm 100m lower.

The stock exchange board has been seeking further tax relief for shareholders, who currently pay a wealth tax on the shares they hold and income tax on all but the first Fm 1,000 of dividend income. It has concentrated though on getting parliament to legislate in favour of investment funds, which it is hoped, would increase investments in shares by small savers and bring on to the stock market new companies seeking investment fund capital.

The investment fund bill, however, requires the votes of the Social Democrats, who for the time being do not seem to be inclined to give it their backing.

William Dullforce



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مكتب التحويل

**NORDIC BANKING AND FINANCE III****SAVINGS AND CO-OPERATIVE BANKS**

# Important changes in recent years

**TWO IMPORTANT** components of the Nordic banking scene—the savings banks and co-operative banks—have been going through significant transformations in recent years. The changes have been partly defensive, designed to halt and reverse the decline in their share of bank activities, but amendments to legislation which have brought their operating conditions almost completely in line with those of the commercial banks have also enabled them to move on to the offensive and to challenge the commercial banks in their traditional homeground of business finance.

Both groups have now reached an interesting stage in their evolution. Largely by mergers, they have created larger units, become more efficient and are now offering customers a wider range of services. Their operations have become considerably more sophisticated. The Finnish and Danish savings banks, for instance, were among the pioneers of data processing in Northern Europe—but particularly over the past two years there has been growing emphasis now within both movements that the banks must not lose their traditional profile or their close contact with local communities and authorities.

**Reaction**

This same trend echoes the political influences within the Nordic countries towards decentralisation of authority and industry and in search of new life-style. More practically, it can be seen as a reaction to the problems of savings and co-operative banks and, indeed, in expanding their spheres of operation at home, American banks are applying strict credit restrictions, and investment demand is falling. The new legislation also imposes heavier demands on their capital ratios, which in turn means they are under pressure to generate larger profits in difficult times.

To a foreign visitor the tension apparent, particularly within the savings banks' movements, lends them a flavour and a dynamism of their own. Savings and co-operative bankers also seem to retain the sense of operating in national family units. They appear to be more prone to long-term planning and speculation than the commercial bankers, who tend to be engrossed with daily business. This difference is intriguing.

In one field, however, where the savings banks and even the savings movement are pushing ahead to carve out their own share, this difference is less clear. In the

a different structure, being as banks still operate at profit amalgamation of many large levels which are lower than small savings banks spread those of the commercial banks nationwide. It does its foreign and need to guard their equity business through Fællesbanken, ratios.

The savings banks' central bank, the savings banks' central bank.

In contrast to these two giants the 70 smallest savings banks together hold deposits of less than Dkr 10bn.

Bikuben is noteworthy for another reason, the customer democracy which is a distinguishing feature of the savings bank movement. Of the three forms of administration open to the savings banks under the new act Bikuben chose the open guarantor system. In three years it sold guarantee capital, which counts as equity, for Dkr 300m distributed among 35,000 guarantors.

**Growth**

The Swedish savings banks have gone through a similar concentration phase to that of the Danish banks with the number of banks declining to 190 from some 485 in 1920. The current year was marked by the merger of two large banks Stockholm's Sparbank and Läns sparbanken, to form a unit with a combined balance sheet of around SKr 7bn (\$1.6bn). The dynamo of the Swedish movement is Sparbankernas Bank, which has been competing aggressively for commercial and industrial business with the commercial banks and enlarging its foreign operations.

The Swedish savings banks hold about a third of total bank deposits, a proportion similar to that held by the Danish savings banks. This year they have experienced substantial deposit growth and a much-needed improvement in profits. Difficulty in maintaining their equity ratios is a problem they also share with the Danes.

The Finnish savings banks have been working to a 15-year modernisation programme for the 1970-85 period, of which one target was to reduce the number of banks to 38. They are now down to 28 and a more realistic target for 1985 might be 150 banks. Resistance to mergers has been hardened by the success of the savings banks' rationalisation plan which has enabled the local banks to become more efficient and to attract more local business.

The Finnish banks have had a steady rise in their market share since 1973, have been hitting their targets for deposit growth and for the moment they have no difficulties with

costs developments, which have been a bane for some years.

Profitability is better this year but like their Scandinavian colleagues the Finnish savings

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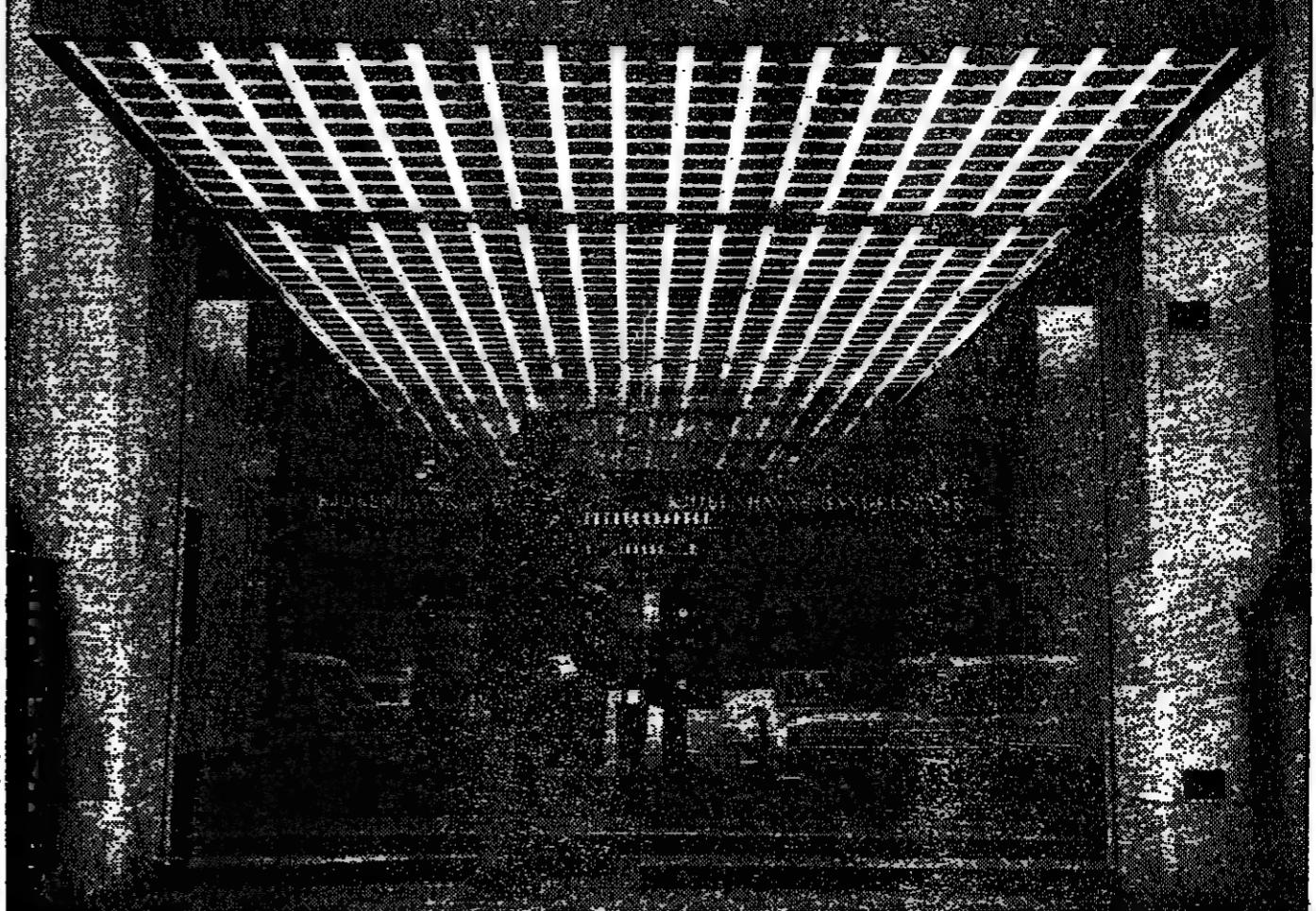
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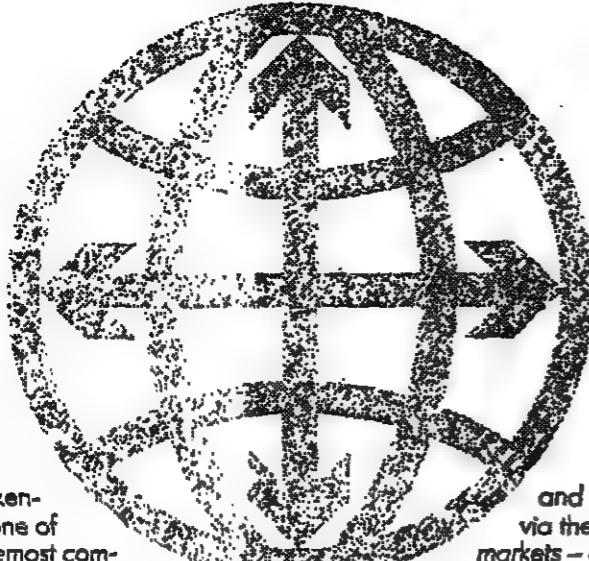
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## NORDIC BANKING AND FINANCE IV

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THE NORDIC countries are not always as uniform in their institutions and methods as the rest of the world supposes, but over the past couple of years their economic and financial policies have been converging. They have experienced in common substantial payments deficits, growing foreign debts, widening deficits on their state budgets and sharp rises in Government borrowings at home and abroad.

The emphasis in economic policy has switched to stabilisation and deflationary measures as the international recession has prolonged and each government in turn has concluded that small countries cannot spend their way out of a lengthy depression. Finland and Denmark acted on this precept earlier, which helps to explain why they now have the highest unemployment rates.

In August, 1977, Sweden's new non-socialist Government devalued the Krona and clamped down on domestic consumption after having tried unsuccessfully to continue its predecessor's expansionary, employment-stimulating approach. Finally, in September this year the Norwegian Government, recognising that it could not continue spending oil revenues in advance to keep the economy buoyant, brought in a 15-month wage and price freeze.

The amortisation of these debts has now become a prime factor in the national economic policies. Strategies vary but in all cases state borrowing in international markets has been stepped up, in Sweden's case the state starting to take up foreign loans last year for the first time since World War One. State borrowing has also been designed to build up foreign reserves in defence of the currency and in support of the domestic stabilisation pro-

grammes.

During 1978 these policies have been bearing fruit. Rates reached 44 per cent of its GNP by the end of 1977 and are expected to total some Nkr 100 bn (\$21.3bn) by the end of this year. The corresponding net debt figures at the end of 1977 were 22 per cent for Finland, 19 per cent for Denmark and 14 per cent for Sweden.

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grammes.

Finland at least a reversal of re-aligning themselves with the trend can be expected in EEC system.

However, at the end of 1979, Norway maintained a fairly high level of industrial investment until last year but this year's lapse is almost certain to be extended through 1980. In Denmark the fluctuations have been smaller.

One area in which the Nordic countries have diverged but in which at least Denmark, Norway and Sweden have sought to maintain some measure of coordination has been currency policy. Denmark has stuck faithfully to the EEC currency "snake" with the result that the Danish krone with minor adjustments from time to time has followed in the wake of the rising Deutsche Mark. Norway with some misgivings has remained an associate partner of the EEC "snake". Sweden withdrew when it deviated in August, 1977, and has since linked the value of the Krone in a trade weighted basket of currencies, a system which is also used by the Finns.

The imminent introduction of the enlarged European Monetary System or "super-snake" has prompted the Nordic countries to reconsider their currency co-operation. Denmark will remain in the "super-snake". A decision by Britain to stay out could pose problems for continued Norwegian association while the Swedes feel that the breaking of the link between the Krone and Deutsche Mark has worked so well to their advantage that they prefer to watch developments for a while before

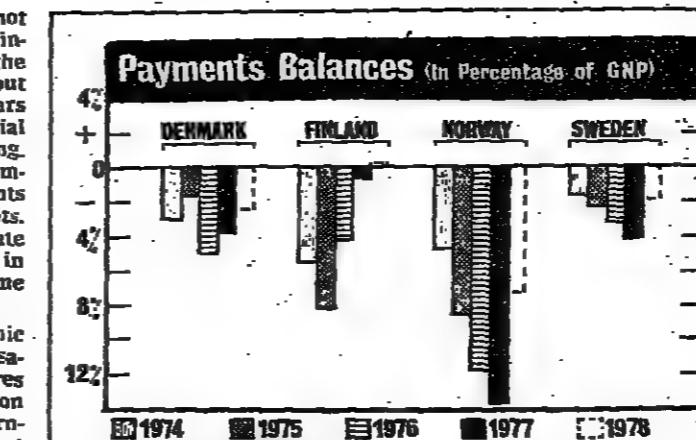
One domestic financial development the Nordic countries have in common is the growth in their budget deficits and public borrowing requirements. The Swedish budget will show an unprecedented deficit of SKr 35.4bn (\$8.9bn) this year and the Economy and Budget Minister has already warned that this level of deficit financing may have to be held for some years.

The financing of both the national payments deficits and the state budget deficits have affected all the Nordic banking systems. In general the payments deficits have helped to stimulate the expansion in the banks' foreign operations but have been accompanied by official restrictions on their domestic lending, while the budget financing has sharpened competition for savings and tended to tighten their profit margins, a development which in most cases sympathetic central banks have tried to assuage.

At this stage the attempt to

describe a general pattern in the Nordic financial markets starts to break down and must give way to separate appraisals of developments at the national level.

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# Economic policies

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## FINLAND

# Increase in activity

THE long-awaited upturn in £750m) this year and at least as Finnish economic activity really much again in 1979. Of this, started early in 1978. The pace about one-fourth had been raised in the domestic market by the end of September, 1978.

In November 1978, the Treasury floated a FM 100m bond loan for which the terms were: 10 years, interest 10½ per cent, interest and principal tax-free.

This compares with the interest paid on bank deposits which ranges from 4½ per cent for six-month deposits to 7½ per cent (plus a saving premium or tax concession) for 36-month deposits.

Despite this disparity, deposits grew by about 9 per cent in the first three-quarters of the current year and the growth for the whole year is estimated at 15 per cent.

Apart from the innate conservatism of the Finns who still tend to place greater credence in banks than in securities, there are other explanations for this paradoxical increase in bank saving.

An estimated 90 per cent of wage-earners have their salaries paid into a bank account. With the slack growth of private consumption and a 5 per cent increase in take-home pay in 1978, account holders seem to be leaving any surplus to immediate requirements on account.

In addition, the timber trade gained momentum and some of the proceeds of their forest sales are being deposited in the bank by private forest owners, mainly farmers.

The maximum lending rate is 10½ per cent, the normal long-term lending rate about 8 per cent. The rate charged abroad is around 10 per cent. Hence the corporate sector (which has heavy debts in foreign currencies) is tending to pay off foreign loans and convert them to Flumark credits.

With inflation running at around 8 per cent a year, money is "too cheap" in Finland, according to some bankers who maintain that their profit margins are being squeezed.

They consider that the basic lending rate is bound to rise again in 1979, unpopular though such a move may be politically.

For the present at least, the slackness in the demand for credit for new investment has been taken up by the growth in the demand for operating capital, loans for conversion of foreign credits and personal loans.

Thus, the money market is already tighter again than it was in the summer and the banks are now exceeding their central bank borrowing quotas by some FM 3 bn and paying a very stiff penalty rate of interest on the surplus.

The Central Bank reduced the commercial banks' credit quotas by FM 400m to FM 1bn in September. But, at the same time it increased the banks' access to the call money market where it has held the average rate of interest for overnight money down to about 10 per cent. This is less than the penalty rate for overborrowing from the Central Bank which rises progressively.

Liabilities are made up of half the sum of commitments plus the balance sheet total reduced by own capital, credit loss reservations and some assets and own assets, such as cash and foreign currencies.

Public sector borrowing will rise to some FM 6bn (nearly spelled out its intention), but

it looks as though it is trying to phase out the quota system and replace it with the call money system. The banks have mixed views on the subject.

With the quota system they at least know what money will cost and with the call money system there is more uncertainty as the rates change overnight and even minor changes can have a considerable impact on costs.

Seen in retrospect, the events of the current year indicate a change in thinking by the Bank of Finland and some financial changes in the financial markets. How permanent these will be is far from clear.

Lance Keyworth

Religious Correspondent

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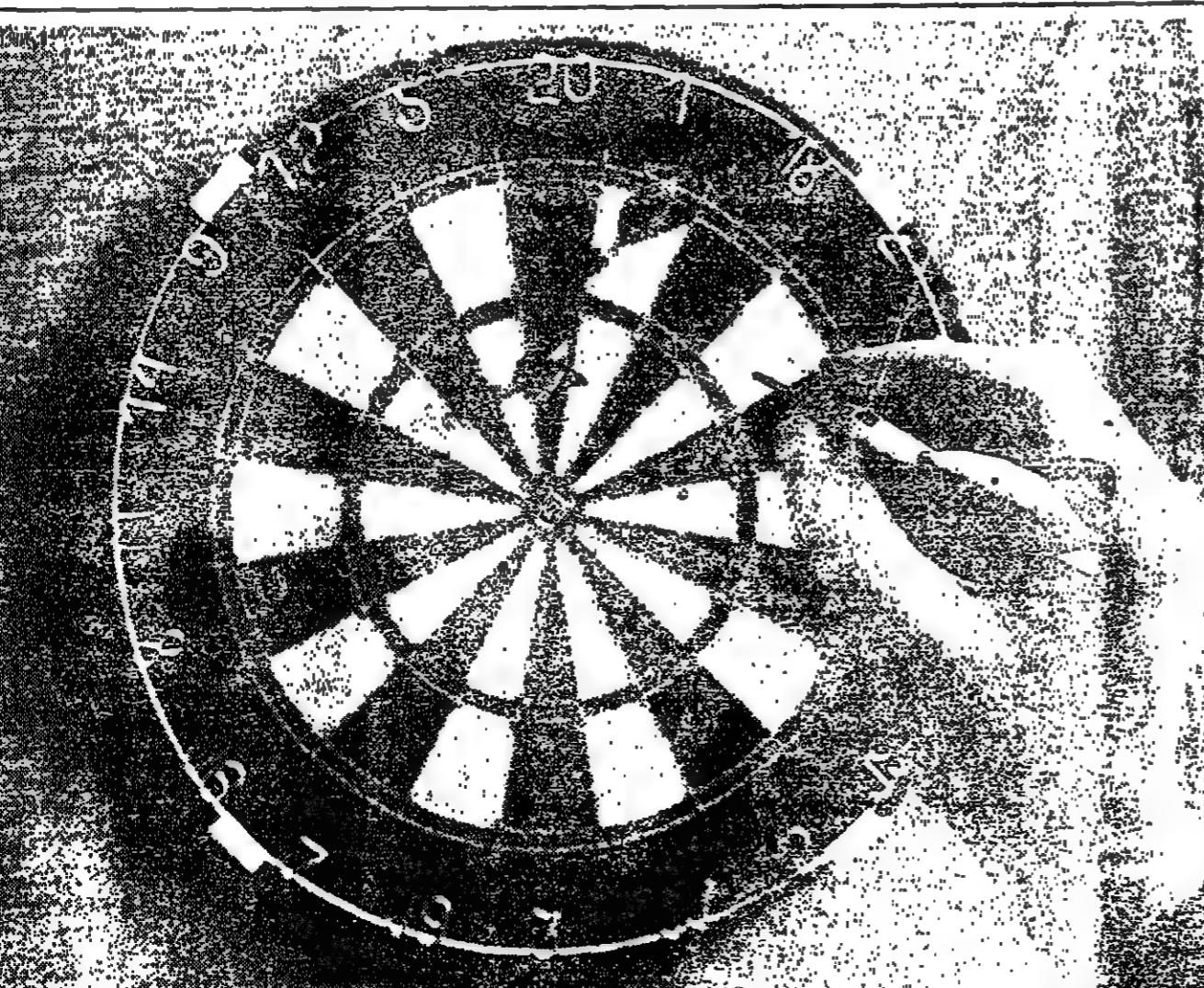
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Until a ceiling was also placed

## NORDIC BANKING AND FINANCE VI

### SWEDEN

## Signs of recovery

**SWEDISH BANKERS** are having a good year with interim results dropped by about SKr 1bn to SKr 19bn in October, but profit growth of around 30 per cent were still SKr 3bn higher than a year earlier and the outflow of capital to have stopped in the first weeks of November.

The Swedish economy has started to recover with the main improvement coming on the external account and the krona has been relatively stable on foreign exchanges since the August, 1977, devaluation.

But amid all these favourable indicators the Riksbank (Central Bank) Governor recently chose to ring warning bell about the implications of the unprecedented state budget deficit and future external payments development and to criticise politicians' proposal to stimulate domestic demand next (general election year).

The most significant changes have been the reduction in the rate of inflation from 13 per cent on consumer prices last year to around 8 per cent and the unexpectedly strong turnabout in the trade balance. A banks' foreign borrowing has curtailed the banks' foreign business and earnings. In contrast, activity has focussed on the domestic market, where profit potential has been greater than in 1977 and where the dominating factor has been the financing of the State budget deficit.

The Budget deficit has grown from SKr 7bn in 1976 to SKr 17bn last year and is expected to reach SKr 32bn this year, which would correspond to roughly 8 per cent of GNP.

The larger part of the deficit has to be financed through the banks in default of sufficient growth in the other market channels and the volume of exports and a 5.6 per cent drop in the import volume is now expected to produce a trade surplus of over SKr 5bn (\$1.13bn).

In the 12 months to the end of September bank deposits climbed by SKr 27bn or almost 16 per cent compared with a rise of SKr 8bn, equivalent to 8 per cent, in the preceding 12 months.

The Riksbank has succeeded in neutralising the effect of this increased bank liquidity by raising the bank's liquidity ratios three times during the year, but it has been substantially helped by the low-level of business activity and the consequent weakness in the demand for credit.

The effect of those trade and payments developments has been to reduce Sweden's foreign borrowing requirements. Their effect has been reinforced by the increased domestic money supply, lower domestic interest rates and the decline in business investment, all of which have reduced companies' interest in foreign loans.

Long and medium-term borrowings abroad during the first half of this year were SKr 5.6bn less than half the 1977 figure.

In the preceding 12 months and roughly at the level aimed at by the Riksbank.

The loans to bank profits this year derives from the increase in their liquidity and the three cuts in the discount rate — bringing it down by half per cent steps to 6.5 per cent which the Riksbank has made this year.

With long-term bond rates remaining unchanged at the same time as the banks have had to increase their holdings of state and mortgage bonds, their margins and the average yield from their bond holdings have increased. The banks have some SKr 80bn placed in bonds, principally to meet the obligations imposed by the Riksbank.

Last year, with a higher interest level, a low yield from their bond holdings and a weak deposit development the banks had problems in meeting their cash quotas and many had to increase the intake of short-term money into expensive "special" deposits. This year the improvement in liquidity has enabled

them to reduce the "special" dangers inherent in the payments position and the Budget deficit.

The profit gains will go at deficit at the annual meeting least part of the way to still the of the Bankers' Association, last year about the inadequacy of earnings relative to the rate of inflation and the erosion of their equity and reserves. All the same, PKbank, the state-owned commercial bank, reporting a 34 per cent rise in earnings at the eight-month stage, underlined that its degree of consolidation was still declining and that it anticipated a higher rate of bad debts in the immediate future.

The managing director of the Savings Banks' Association forecast a 50 per cent growth in his members' earnings this year but pointed out that this would only restore profits to the level needed to maintain the ratio of equity and reserves to their balance sheets.

Prospects for 1979 are not clear-cut. The continuing Budget deficit implies that the growth in the money supply and its deposit will be as strong next year, which should maintain the downward pressure on interest rates.

Yet there are counter-indicators and it may be significant that the Riksbank did not make the further cut in the discount rate which had been anticipated in the autumn.

### Stable

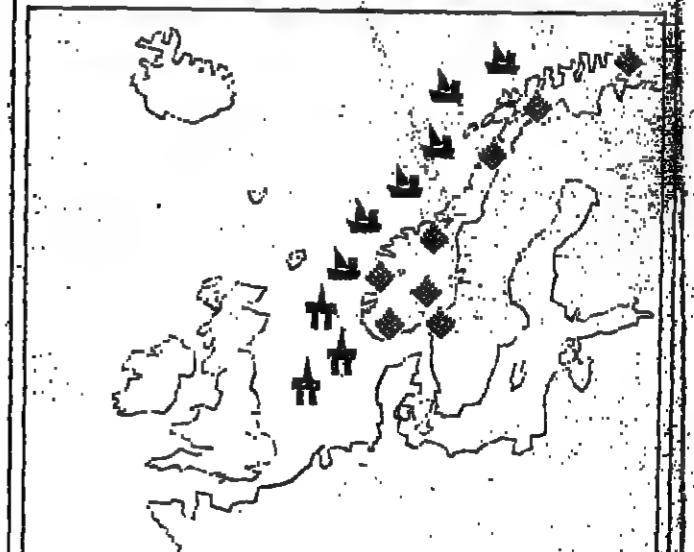
The increase in private consumption, on which the Government appears to have made up its mind, and the expected recovery in business investment will make it more difficult to control the money supply. Although the krona has remained fairly stable, the payments deficit is forecast to rise again slightly next year and the Riksbank will not run the risk of a new currency crisis.

Moreover, foreign interest rates have started to move up cannot take place overnight and in recent weeks. Under these circumstances the Riksbank may be financed through the banks will feel the need to raise the in the immediate future. This discount rate again in 1979.

Both Mr. Carl-Henrik Nordlander, the Governor of the Riksbank and Mr. Curt Olsson, the chairman of the Bankers' Association, dwelt on the

W.D.

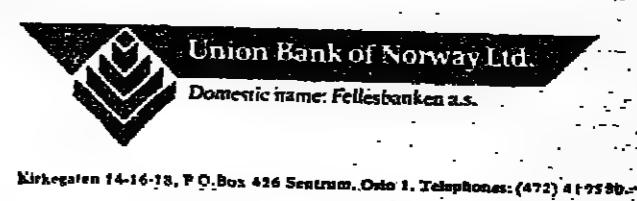
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Hilary Barnes  
Copenhagen Correspondent

كتابات في التعلم

## New York theatre

## Off-off Broadway creeps in

by FRANK LIPSIUS

The three tiers of New York theatre designate not only proximity to Broadway, but also the proximity of Equity, the actors' union whose demands on off-Broadway productions about ten years ago spurned the off-Broadway stage. Now, the success of off-Broadway especially centres like the Hudson Guild and the Manhattan Theatre Club, has attracted Equity's negotiators to the scene. Their demands on off-Broadway producers remain unreduced for the time being. Equity's justifiable interest in being represented in successful venues will always run up against the needs of people just getting started or staying on the fringes of the legitimate stage. Adding another tier to the existing ones will only force new efforts to be even more amateur, though the problem may be circumvented by moves like the Hudson Guild's to more established venues closer to the theatre district as is expected soon.

At the time of Equity's agreement with off-Broadway theatres to demands to Curt Dempster, the Ensemble Studio Theatre, which acts primarily as a workshop for both new talent and some well-known writers, including Michael Weller. Another name well known to New Yorkers, Vincent Canby, showed he does more than review films for the New York Times when his play, *The End of the War*, was produced at the Ensemble Studio Theatre.

The war of the title is the second world war and the place is a navy landing ship returning to the United States. Since the only regular man on board steals sugar to fashion into spirals, the whole ship finds the end of the war an end, too, to their duties and discipline. Getting home looks like it requires more resolve than they can muster, at least viewed from the officers' mess, where most of the action takes place.

Hidden antagonisms come out, especially between a handsome socialist and an unattractive intellectual. Can by emboldened an intriguing and unusual relationship between the two, starting with their mutual bewitching the intellectual verbally, while serving him food and paying him a certain respect. As the ship's functioning deteriorates and the wavering confidence of the intellectuals proves unjustified, their relationship gets more antagonistic and leads to the play's climax.

The very success of the components and David Margulies' direction make the play seem dated, an attempt to revive the Music-Hall *Skeleghns*, takes Colette's *Levers*, or Music-Hall and turns it into a series of backstage vignettes with a thin thread of plot to connect them. While the idea is good, Trevor's penchant for loose related scenes, too much in what parades as a behind-the-scenes look ends up being trite contrivances. As gossip in dressing rooms, it is all mannered. In the Music-Hall style, and comes to life only when the girls' dressing and undressing gives way to some speech by the cushion, providing her 20-year-old insights from an unusual perspective. "Shake your guts," the recurring phrase following the pressure exerted by the manager, makes a sensible



Emily Williams

of new productions, despite the worked particularly well in the long period of transition into its new space. Their latest work, *Music-Hall Skeleghns*, takes Colette's *Levers*, or Music-Hall and turns it into a series of backstage vignettes with a thin thread of plot to connect them. While the idea is good, Trevor's penchant for loose related scenes, too much in what parades as a behind-the-scenes look ends up being trite contrivances. As gossip in dressing rooms, it is all mannered. In the Music-Hall style, and comes to life only when the girls' dressing and undressing gives way to some speech by the cushion, providing her 20-year-old insights from an unusual perspective. "Shake your guts," the recurring phrase following the pressure exerted by the manager, makes a sensible

for violence make a sensible

but unattractive cohesiveness for insubordination. A play without some reference to the wellspring of patriotism or motivation seems uncomfortably anarchistic like McCowen drew rave notices for his St. Mark's Gospel filling the house until the show ended with the last line there a generation ago.

The Lion Theatre Company, a command performance for the President in Washington. He part of the Theatre Row complex on West 42nd Street has chosen an appropriate vehicle for maintaining a prolific hectic pace his brand of mannerisms, which

Two British solo performances made brief appearances to light the off-Broadway stage. Alec McCowen drew rave notices for his St. Mark's Gospel filling the house until the show ended with the last line there a generation ago.

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# FINANCIAL TIMES

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Wednesday December 6 1978

## The violence in Iran

HOW IS Iran to be rescued from problems have been oversliding into civil war and chaos? Whelmed by a senseless confrontation between the Shah and his major opponent, and that Shah must remain in power Ayatollah Khomeini, whose because he is the only man who can do this and it is a strong of most of his countrymen, one. His heir Crown Prince should have such sway over the Reza has still three years to go before he comes of age. A The West's position in this council of Regency—now being canvassed within the country as providing a possible interim regime—would almost certainly be a microcosm of the various factions likely to emerge in a struggle for power. The armed forces have made it clear that they would not obey a civilian administration in which the responsibilities of head of state and head of government were concentrated in the hands of one of the politicians for whom they have such contempt. The armed forces are now what holds the country back from anarchy and chaos. But ruling on their own they would arouse fresh antagonisms. Largely for these reasons, the Shah, backed by the U.S. and Britain, has argued that his remaining in power in the hope that the agitation would exhaust itself was preferable to the anarchy and chaos that seem to lie with any alternative solution.

### Symbol

But as the violence in Iran daily grows and the economy continues to be all but paralysed by strikes, the argument looks less strong. The military government of General Azhari, installed on November 6 after the failure to form a national coalition, has not succeeded in its two main tasks of restoring law and order and getting workers back to work. Already the armed forces are severely overstretched. In the coming few days they will face a major test when the mourning ceremonies of the Moslem Shiites of Moharram reach their height.

The longer this clash of wills continues on the street, the more the Shah, irrespective of all his past achievements, becomes irrationally a symbol of popular grievance and hate.

The more also does Ayatollah Khomeini, the aged Shiite leader living in Paris, seem to grow in popularity on the strength of his continuing uncompromising hostility to the Shah. One of the tragedies of Iran's present crisis is that a tenuous violence must remain a cluster of social and economic doubt.

## Coal's growing support costs

THE PROPOSITION that coal Industry Acts, originally these will be needed in 20 to 25 years' time to make up for dwindling supplies of oil and natural gas, which formed the basis of the plan for coal that was drawn up in 1974, has been widely accepted. The plan has undergone some modifications but the general idea has remained unchanged.

It is that substantial sums of money should be spent sinking new mines and expanding existing ones so as to replace pits which are due to reach the end of their working lives and to increase the production capacity of about 135m tons a year by 1985 and perhaps as will receive during the present financial year by 170m tons a year is likely to be the end of the century. Since it about £12m. This is additional to some extent to the industry's borrowing which the latest public expenditure White Paper estimated would be about £330m.

### Review

These are considerable sums of money, and the Coal Board has now opened negotiations with the Government for further support of burning coal in power stations next year. The time would therefore seem to be opportune for a review of the situation. This is not to suggest that there ought to be second thoughts about the industry's investment programme. Given the margin of uncertainty in long-term energy forecasts, the original decision to go ahead inevitably represented, at least in part, an act of faith.

The question that does need to be asked however is whether sales subsidies are the only available option in the present situation. Would, for example, one possible alternative be to hasten the closure of pits which are due in any case to cease production in the next couple of years? The Coal Board argues strongly that it would be a mistake to delay developing new capacity and that there are grave technical and economic objections to "mothballing" productive pits. Pit closures raise sensitive issues, but there

The production of coal has declined but not as fast as sales; and the loss of sales revenue is coupled with the heavier cost of holding coal in stock has reduced the proportion of annual investment programme which the industry is able to finance from its own resources, thus necessitating larger borrowings and a heavier burden of interest charges.

To help ease the Coal Board's difficulties, the Government has stepped up considerably the support it provides under the Coal flexibility there is.

The Spanish referendum: By Robert Graham

# Spain patches up past quarrels

RARELY HAS AN intensive advertising campaign been greeted with such little enthusiasm as that about the referendum for Spain's new Constitution. For the past three weeks Spaniards have been treated to a daily crescendo

of publicity on billboards, on television and through the letter box urging them to vote in the constitutional referendum to day. The State-managed publicity has been unbelievably dull and heavy-handed: no catchy phrases or soft-sell, bright images — instead a rather disingenuous call to order and vote.

The cumulative effect of this propaganda is questionable. Judging by snatches of conversation, large numbers of ordinary Spaniards feel the Constitution is an issue that bypasses them. Moreover, because its effects are intangible, they either tend to take it for granted or regard it as a plaything of the politicians. A common response is: "If the referendum had been held at laws and decrees with which the week-end there would be Franco governed — sovereignty

yellow and orange Nationalists were trying to do nothing to stall them has reminded Spaniards who have granted that they cannot afford to be complacent.

The Constitution represents the last of the major stages in the consolidation of democracy. That it has taken over three years since the death of Franco to reach this stage underlines the cautious, gradualist approach of the King and the main political parties. Spanish democracy has been restored not through any revolutionary process but through evolution, which has permitted the transition of a constitutional monarchy to a constitutional republic. The phrase constitutional monarchy has been essentially on Franco accepting to transfer power and sovereignty to him as Head of State on his death. Under the so-called "Fundamental Laws" permits the monarch to play a central role as arbiter, mediator and fountain of loyalty.

consultation. For the nomination to be accepted the candidate for the premiership must obtain an absolute majority in Congress in a confidence vote. If after two months this is still unobtainable the King dissolves Parliament for fresh elections. Once the Government receives a vote of confidence it then becomes immediately answerable to Parliament which, in a new departure, has the right to appoint special commissions in matters of public interest. Like those of other democratic parliamentary commissions, their reports are not legally binding. Yet it is true to say that the Constitution is giving power to a parliament which until now has been weak and without a real basis for its authority.

The most contentious points

in the elaboration of the Constitution have been about regionalism, the role of the church, the position of the army and issues that involve moral judgments like divorce, abortion, death penalty. The right to autonomy of the regions and nationalities of Spain is recognised and guaranteed. This is a major shift away from the rigid chauvinistic view of Franco's Spain that insisted on the uniqueness of a Spanish-Castilian national and cultural identity. Specific recognition is given to the richness of regional culture and a long list of areas

are detailed where the regions can influence their own government.

Nevertheless the authors of the Constitution have rejected last minute demands for recognition of certain ancient privileges applied to the Basque country, and indeed a careful reading of the central Government's powers suggests these are broad enough to cancel out all significant autonomous initiatives.

Freedom of worship is recognised and the Constitution does seek to separate church from the state. Yet this is blurred by the peculiarly Catholic nature of Spain being specifically recognised. This was one of the biggest compromises of the Left. Aware that the strident anti-clericalism of the 1931 Republican Constitution was one of the causes that led up to the civil war, they were obliged to accept concessions to the church which also spill over into the field of education where private education is accepted (over 50 per cent of private education is in church hands), and on questions of divorce and abortion. Divorce is sanctioned by implication, the Constitution saying it will be regulated by law. Yet abortion is implicitly rejected by acceptance of the "right to life." Against this the Communists and Socialists managed to write in the abolition of the death penalty, except in time of war.

Because the armed forces

were the pillar of the Franquist

Solely on the issue of regional elections too.

Despite heavy campaigning by the main political parties in the Basque country in favour of the referendum, the Basques are unlikely to record a high degree of abstention or negative votes.

In the end, such a compromise document is going to mean all things to all men. Those who wanted a short, concise document were in a minority. Most of those involved from the original drafting committee through to the two Houses of Parliament which thoroughly amended the original draft wanted to spell out as far as possible the nature of a new democratic Spain—even down to, say, writing in the employers' right to lock out and unions' right to strike. The

about that it would be happy if 80 per cent voted favourably.

The size of the favourable vote is important since the Prime Minister, Sr. Adolfo Suarez, is treating the referendum as an expression of approval for his administration. A large favourable vote will influence his decision on whether or not to call a snap general election in the spring. Once the Constitution is approved—and there is no doubt it will be—he has 30 days

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# Talisman for the Stock Exchange

BY CHRISTINE MOIR

J. M. G. 1978

Starting operations in the coming year, the Stock Exchange's new centralised settlement system, Talisman, will start running next March 26. The essence of the new system is that all sales of stock will go through a computerised system. The previous system was a "paper" one, with transfers of ownership from and sold to a "tal" doubts. Some dislike the fact that all sales will pass through a central computer.

The new system is that all sales of stock will go through a computerised system. They fear that in principle at least, this establishes a "big mechanism" to ensure that brother" capable of monitoring brokers who had sold stock to others transferred that stock to brokers who had bought stock from the same broker. Securities moved around a circle with no record.

The advantages of Talisman's centralised approach are that stockbroking firms will have to pay far less paper work, one another to organise the transfer of securities, that the centre will take over the bulk of computations with registrars (the firm which registers the final ownership of securities), and that the centre will also look after much of the fiduciary business.

Identifying which stockbrokers' clients should receive dividends, rights for rights issues, scrip issues, and so forth. Opponents of the system have now bowed to the inevitable, which is not to say that before, during and after March 26 there will be only muted grumbles about it. It is an odd on-set that as soon as Talisman starts running complaints will reach a crescendo not heard since 1975-76 when the basic principles were being debated.

In the first place, come Christmas, member firms will be told what Talisman will cost them. The working party has already made its recommendations on the tariff so it only remains for the Council to wrap up the details as a Christmas parcel. Even if the final tariff is lower than the interim figure suggested back in early November, there is bound to be an because even the present system

is only poorly covered by case law.

Major investors—the institutions in the main—are remaining chary of Talisman until the end of next year.

The claimed benefits of Talisman

will not really be assessable until then.

Three advantages are claimed for Talisman: greater efficiency and speed in settlements; cost savings; and greater capacity to cover itself against compensation claims should hitches occur in Talisman.

Talisman certainly looks as if it should be more efficient than the present long hand system once members have grown familiar with it. In the interim, of course, snarl-ups will occur

when which detractors will pounce with glee. These are likely to diminish as more stocks come into Talisman and there is less confusion about which stocks still remain outside it. By the end of next year, Talisman's efficiency should be obvious one way or another.

Quantifying the savings which Talisman is supposed to produce is much more difficult. In the first place these will not occur overnight—or even in the first year. They will arise largely as and when firms are able gradually to whittle down their back office staffs.

Even when that process is complete the amount saved between March 26 and that point may look negligible. During the stamp of 1974 many firms cut staff and overheads to the bone and have not really put on fat since, partially in anticipation of Talisman. Those savings now historic, will be very difficult to assess.

This may be one reason why so many are saying there will be no substantial savings from Talisman. On the contrary they can see only too clearly the extra costs involved in tooling up with computers to match the system.

However, Talisman may give rise to direct savings, some of

it is hoped that 90 per cent of total Stock Exchange volume will be corralled in Talisman by the end of next year.

The claimed benefits of Talisman

will not really be assessable until then.

As a corollary they are also concerned to see that the Stock Exchange takes out sufficient insurance to cover itself against compensation claims should hitches occur in Talisman.

Talisman certainly looks as if it should be more efficient than the present long hand system once members have grown familiar with it. In the interim,

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pessimistic side. Certainly in this board should provide a valuable safeguard against rising tariffs. The costs of running bargains fall below £15,000 and not only slightly. A month disguised under general Stock Exchange expenditure and the average shows volume at 16,759.

The size of bargains, however, shows the reverse picture. Only once have average bargains per month exceeded £5,000. The overall average was £4,659.

The tariff must, of course, cover both capital and running costs of the system. Capital costs have risen to £15.7m from £12.2m since 1977 and these are to be written off over five years. Running costs must similarly be prepared for the equipment already being obsolete by inflation.

The third factor is the internal savings which member firms should make (or have made) from the fact that Talisman is designed to take the major part of the burden of the boom in 1973 some firms had to stop taking on more business because their settlement staff were overwhelmed by the existing workload. Talisman's capacity to handle 45,000 transactions a day, he says, would eliminate such bottlenecks.

As a result Talisman should be of special benefit to growing firms. Not only are charges deliberately being held down for smaller bargains (where the smaller firms are thought to predominate) but overheads could be kept down as business grows—the need of needing only small back offices.

Once Talisman starts running, however, the SSC will hand over control to a members' supervisory board. Only one representative of the SSC will sit stock could well get mislaid in that board. Two seats are reserved for jobbers, two go to brokers. Furthermore, although Talisman might be remaining three are split among monitoring Talisman have a cheater at the bottom end of the figure was over-optimistic. The Stock Exchange now believes that the London brokers so that vested interest (through their small, medium and large firms own pockets) in its efficiency and costs.



Hugh Bothwell

Chairman of Settlement Services Committee responsible for Talisman, Mr. Crispin Gaseoigne, with Talisman.

## Special company

The essence of Talisman is pre-delivery of stock. The seller parts with his shares which are then deposited via the jobber in SEPOON, the special nominee company set up to pool all jobbers' stock and out of which all transfers are made to the new owners.

Under Talisman this transfer to SEPOON occurs at the beginning and not the end of the trail which concludes with the posting of the certificate to the new owner.

The legal conundrum occurs after the stock leaves the seller and before it is formally vested with the new owner. Although the buyer has a beneficial interest in the stock from the moment he strikes the bargain he does not obtain full ownership until he has paid for it.

Until then the stock resides in SEPOON and the legal question arises whether SEPOON is the owner during this period. This matter is exercising a mind bogglingly complex debate on some important issues. As a contribution, may I first correct what seems to be a misleading of our committee's report and secondly, like issue with Mr. Brittan on a particular matter?

Our suggestions for increasing the Community Budget over, say, the next decade from 0.7 per cent

Community GDP to 2.2 per cent would not, as Mr. Brittan states, achieve anything like the maximisation of income per head between member states as is the case between the regions of the two countries we studied through their systems of public finance. In fact, it would reduce inequalities by around 10 per cent compared with an average 40 per cent in the eight countries. (Mr. Brittan may have been misled by a purely hypothetical calculation in our report but if the sole aim of the Community Budget were to achieve some degree of geographical maximisation as in existing economic unions—which is fairly unrealistic—this could in principle be achieved by intercountry transfers equal to 2 per cent of Community GNP.)

Our committee thought that a minimum Community Budget required to support full monetary union—irrevocably fixed exchange rates or a common currency—would be unlikely except in the context of a Federation; it would have to be around 10 per cent of Community GDP, 7-10 per cent if defence were included—i.e. some ten times the present Budget. (Federal budget in the negotiations we studied is much over 20-25 per cent of GDP.)

I agree with Mr. Brittan that proposals cutting the mooted the cost of the European Monetary System are on nothing. At the scale of any of these sums, and I am certainly not going that they should be, I disagree with his doubts at a much larger Community budget would be a necessary condition of a monetary union—a different matter from the proposed EMS.)

It is not, of course, a sufficient condition: relative inflation rates are also very important. But even if these could be "harmonised," other problems could remain: for example, it is not on the basis of faster inflation rates that caused the older, and previously prosperous, industrial nations in the west and north of the UK to become relatively less, but rather structural changes of various kinds. The financial system, like that of the nation states we studied, automatically offsets one-half to two-thirds of the adverse effects of such temporary difficulties; these states on average make up around two-fifths of more persistent regional inequalities that emerge, partly by measures aimed at living about the structures required to determine whether an invention is truly novel. It follows that large sums devoted to research, development, patenting, and marketing, may be needlessly spent, or should tend to become risk through want of effective means for ascertaining inventiveness before any financial commitment is made.

## Letters to the Editor

### Monetary system

From Sir Donald MacDougall

Sir—I am most grateful to Mr. Simon Brittan (Economic Viewpoint, November 30) for his complimentary remarks about the so-called "MacDougall Report" on the role of public finance in European integration; and, by giving it prominence in his distinguished column, for helping to catalyse a debate on some important issues. As a contribution, may I first correct what seems to be a misleading of our committee's report and secondly, like issue with Mr. Brittan on a particular matter?

Our suggestions for increasing the Community Budget over, say,

and help with the necessary adjustments? And would a monetary (and customs) union not be backed by such fiscal arrangements as likely to survive for very long?

Mr. Donald MacDougall, BSC, Denbigh Street, SW1.

### Public records inquiry

From the Secretary, Public Records Committee.

Sir—I would like to draw the attention of the business community to the committee of inquiry into the working of certain provisions of the Public Records Act under the chairmanship of Sir Duncan Wilson, which is now ready to receive evidence.

Since a large majority of British patents is foreign owned, and a majority of granted patents could not survive a thorough investigation of validity based chiefly on disclosures in earlier specifications, royalty payments on weak patents are a needless drain on our foreign currency resources; and every impediment to effective patent information retrieval prevents such patents being challenged.

It is therefore a short-sighted and self-defeating policy to apply the economics of cost-effectiveness simply to the internal economy of the Patent Office while blindly disregarding the immeasurably more costly consequences to the economy at large and thereby abetting waste of effort and resources.

He proceeds to quote "statistic" which he has clearly invented himself showing that grouse now cover 3m acres of Scotland. Grouse may certainly exist on such an area, but to my knowledge there is no land where hill sheep farming is not the primary land use with grouse as a complement. It is universally recognised that reducing sheep stocks below the optimum level for the sheep themselves does little or nothing to increase the grouse population.

He infers that grazing 5.6m acres with red deer is a level of irresponsibility in terms of land use which has few equals in the Western world, then blandly admits "that much of the moor and hill land could not be adapted to any other agricultural purpose."

Mr. Wilson summarises his thoroughly inaccurate and misleading survey by saying "Landowners remain tremendously powerful people in social terms."

Perhaps this is his local experience, even if it is not mine!

He continues: "A gross mal-distribution of land which would disqualify" an independent Scotland "from economic support from the World Bank."

I am, however, hopeful that such a body would do its homework, should the need ever arise, better than Mr. Wilson, for these are the facts—

Some 60 per cent of the 22,000 holdings of over 50 acres are owner occupied, companies with only about 20 per cent 50 years ago.

This shows how rapidly change is taking place, for better or worse. A more important fact is that acreages are meaningless, yardsticks because they vary in value so much from one place to another. One acre of top class grazing land can be worth £3,000 whereas another acre of felled woodland can be worth under £10. This means that one 50-acre holding can be more valuable than a 15,000-acre estate or a 350-acre arable farm worth more than a 100,000-acre estate of tenanted wild hill country. Since there are fewer than a dozen estates above this size, and they are predominantly hill, it is clear that Scotland's 13,000 or more landowners it does not follow that the biggest are the wealthiest or the most powerful."

This is not a case of one man's opinion against another—the facts and evidence are readily available for anyone to verify simply by seeing for themselves, or by consulting those who do have first-hand knowledge of them, and a reputation for impartiality and accuracy.

Drake Wood, Denbighshire, 30, 1978.

Graham Aylett, 38, Parliament Street, SW1.

### Boards elected by employees

From Mr. B. Cole.

Sir—What a virulent letter Mr. Fox writes (November 30) in response to Mr. Cray's sensible suggestion that industrial problems are best solved by those with relevant experience!

Of course "industrial democracy" is claptrap—does anyone really think that companies should be run by boards consisting only of directors elected by employees?

It is not a question of "controlling and screwing down" the workers. An industrial enterprise needs organisation, within which some roles are specialised and demanding enough to need special experience. Senior managers and directors fill such roles, as do some specialists in other parts of a company.

There is no reason to believe that being popular or politically active enough to persuade colleagues to vote for you indicates any ability to direct a company.

Promotion should be on merit, not on popularity. If we go too far in pursuit of the myth of democracy in industry we shall find our boards of directors as unuseful as our governments have been over the last 30 years.

B. A. Cole, Drake Wood, Denbighshire, 30, 1978.

As author of the successful Royal Petition on the location of the Patent Office, may I draw your readers' attention to the matter of even greater importance? On specific grounds of cost-effectiveness the Patent Office is currently engaging in an arbitrary and retrograde process of restricting the extent to which patents are indexed.

The advanced industry whose investment generally depends upon a sound patent position, will be increasingly less able to determine whether an invention is truly novel. It follows that large sums devoted to research, development, patenting, and marketing, may be needlessly wasted.

It is likely that countries will

enter a system of relatively fixed exchange rates and such assurances as to become risk through want of effective means for ascertaining inventiveness before any financial commitment is made.

From the Duke of Buccleuch

Sir—it is surprising and disappointing that the Financial Times, of all sober and respectable papers, should print such a travesty of the facts on landowning in Scotland (The land question, November 27). It is equally surprising that it should have chosen an author known to have

## Today's Events

### GENERAL

Prime Minister attends special meeting of National Economic Development Council to discuss microelectronics and 550m State aid; and skill shortages.

Spanish national referendum on new constitution.

Newspaper Society's council meets to discuss provincial journalists' strike.

NGA executive meeting will discuss The Times' closure.

Confederation of Shipbuilding and Engineering Unions meets to discuss shipbuilding redundancies.

European Court of Justice in Luxembourg hears EEC case against UK for not introducing lottery photographs.

NATO Defence Planning Committee meets in Brussels.

Council of Europe symposium in

Paris on development co-operation.

Mr. Edward Heath at London Chamber of Commerce two-day conference on corporate investment and acquisitions by foreign companies in the U.S., Café Royal, London.

Select Committees—Social Services and Employment sub-committee Subject: Perinatal and neonatal mortality. Witnesses: Department of Health and Social Security. 4.30 pm, Room 6 Environment sub-committee. Sub-select Committee on redevelopment of London's Docklands. Witnesses: Mr. Peter Shore, Environment Secretary.

Construction and planning (third quarter). Housing starts and completion (October). Construction and planning (third quarter).

PARLIAMENTARY BUSINESS House of Commons: Public Lending Right Bill, remaining stages. Motion on Northern Ireland (Emergency Provision) Act.

House of Lords: Debate on Environment sub-committee. Sub-select Committee on the future of the Environment.

Ministers: Mr. Peter Baldwin, Bishopsgate, EC 12. Permanent Secretary to Department of Transport. 5 pm, Room 7.

COMPANY MEETINGS Final dividends: Sir Joseph

Causton and Sons, Elton and Robbins, Peak Investments. Interim dividends: Armitage Shanks Group, Coslito and Chemical Products, English Card Clothing Company, W. E. Norton (Holdings), Pilkington Brothers-Rotaprint, Thomas Warrington and Sons. Interim figures: Edinburgh and General Investment Trust, Phoenix Assurance Company.

COMPANY MEETINGS Final dividends: Sir Joseph

Firth Brown, Cutlers Hall, Sheffield, 12. Lawton, Elsworth, Manchester, 12. Midwinter, Abercorn Rooms.

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# COMPANY NEWS

## Smith & Nephew up 19% in third quarter

PRE-TAX profits of Smith and Nephew Associated Companies for the 40 weeks ended October 7, 1978, show a £2.24m improvement at £6.65m, reflecting a 19 per cent increase on a 3.7 per cent rise in external sales.

At the 24-week stage the profit advance was one of £1.55m to £9.28m. There were at that time exchange gains of £30.000 but the strength of sterling, particularly in relation to the U.S., Canadian and Australian dollars and the South African rand, resulted in a swing to a £34.000 (£30.000) loss at the end of the third quarter.

The 40-week profit was struck after lower interest of £2.31m (£2.74m) and a higher contribution from associates of £1.39m (£0.92m).

Excluding UK deferred tax the charge was £1.27m and the net increase there is a minority gain of £1.000. Earnings per 10p share are stated at 6.33p (5.35p). Had a provision for deferred tax been made earnings would have been 4.52p (3.85p).

The group, which operates as a manufacturer of surgical, medical and dental products, textiles and clothing, batteries and plastics, reported a profit of £17.34m for the last full year.

**• comment**  
Exchange rate fluctuations are roughly 21 per cent. Smith and Nephew has already improved margin over the last three years exchange losses after 40 weeks of £1.50m leaving third-quarter pre-tax profits 8 per cent ahead.

There is admittedly still plenty of recovery potential in plastics and further scope in batteries and other products. The dental side is also doing well while the company maintains that demand for quality denim remains healthy. Nevertheless there is an ex-growth look about the shares which at 6.33p, taking full-year profits of £20m stand on a fully taxed p/t of 11.2. With the prospect of a 15 per cent dividend there is a good yield of 6 per cent.

A corded solder wire using an alternative flux medium to the natural resin, has been developed by Multicore and the directors believe this will further enhance the company's reputation in its particular market.

Because of this turnover, shown £2.3m higher at £19.05m, should be regarded with caution as it has limited bearing on the volume of business done. The company's output in the group's manufacturing companies was similar to last time but more work was completed by the contracting company, says.

At midyear, when the surplus was down from £581.113 in 1963/64, the directors forecast that the final outcome would not be materially different from last year.

Immediate prospects look brighter than at the same time last year with all operating companies holding better order books. It is, however, impossible to look ahead more than a few months because of the uncertainty on the national industrial scene, Mr. Moss explains.

With deferred tax treated in accordance with SSAP 13, the tax charge came out higher at £981.592, compared with £811.831, leaving earnings per 23p share 6.4p down at 23.3p. Comparatives have been adjusted for adoption of the new standard which reduced the tax provision by £1.491 (21.53p).

A net final dividend of 2.362/25p

### HIGHLIGHTS

Plessey has achieved a small increase in second quarter profits but adverse currency movements have prevented from showing any more exciting growth; the order books, however, have advanced encouragingly. Profits at Ranks Hovis are 15 per cent lower despite a £3m turnaround to profits at the Wessex Finance subsidiary and the dividend has been increased by only 21 per cent. Lex also considers the implications of the latest banking sector statistics. Smith and Nephew is another to be hit by adverse currency movements and third quarter profits are only 8 per cent higher after a 25 per cent gain at the half way stage. NSS Newsagents is suffering from a static market in its principal lines and sales growth from existing units was running below inflation. Geo. Bassett has been hit by the poor showing in Europe.

Nephew's growth. Following a 10.000 first-half currency gain, and profits have consequently advanced much more rapidly than other pharmaceutical groups. There is admittedly still plenty of recovery potential in plastics and further scope in batteries and other products. The dental side is also doing well while the company maintains that demand for quality denim remains healthy. Nevertheless there is an ex-growth look about the shares which at 6.33p, taking full-year profits of £20m stand on a fully taxed p/t of 11.2. With the prospect of a 15 per cent dividend there is a good yield of 6 per cent.

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A net final dividend of 2.362/25p

FOLLOWING LAST year's £100,000 second half loss, Harry Ingram was strongly back in profit in the first six months. Now Mr. Harry Ingram, the chairman, says he is reasonably optimistic for the current year as a whole.

For the 9 months to October 31, 1978, taxable profit advanced from £116,646 to £153,413, after an exceptional loss

of £25.000, leaving a net profit of £138,373 (£187,373).

Having reached a peak surplus of 50.73p for 1973/74 the group's performance had undergone a decline. Then last year a series of factors including a switch in fashions, low cost imports of T-shirts, and start-up losses in Germany, come to produce the slump in the second six months.

The net interim dividend, including a supplementary payment of 0.053p (0.05p), is raised from 2.35p to 3p. Last year's total was 6.45p from profits of £1.39m.

In the year to June 30, 1978, the group earned pre-tax profits of £247,640—some way below the £500,000 forecast at the time of the group's acquisition of TPG Investments.

Maddock, formerly the Merv Group, says the main reason behind its failure to meet the forecast was a major production set-back at John Maddock and Sons.

The group, however, is meeting its forward order position is good and the new fashion ranges are showing benefits. Also the company's German operation is now profitable and export sales, mainly to Europe, have reached 290,443 (£865,450).

The Board is sufficiently encouraged by the future outlook to commit £230,000 in capital expenditure on new computerised knitting machinery which should be installed and working early next year, he adds.

After passing the final last year the company returns to dividends with an increased net interim of 1.44p (1.35p).

Tax for the half-year took £139,203 (£132,271) leaving a net profit of £14,412 (£187,373).

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# Plessey slightly ahead despite Garrard losses

SECOND quarter profit before private systems and in electronic

part of the Plessey Company rose systems.

From £2.4m in 1977 to £2.6m giving a

total of £5.1m for the half year

ended September 30, 1978. In sales

increase of a per cent on the

same period last year. Garrard's

share are shown at 8.1p

against 6.01p.

However, the group's perfor-

mance continues to be adversely

affected by anticipated losses of

£5.5m for the half year at the con-

sumer electronics subsidiary,

Garrard Engineering. A major

reorganisation of Garrard activi-

ties was announced in September.

Mr Peter Marshall, the group's

chief executive director, says that for

the first year of the Garrard operation

the group's share of trading loss

in the region of 1.5m. The new

figures would also show an

extraordinary item in the region

of £1m for the rest of the re-

organisation.

The Garrard workforce is being

slashed by a total of 1,200 with

the number of jobs on this opera-

tion likely to be down to 600 by

the end of this year. The overall

impact of the Garrard reorganisa-

tion is expected sales

volume from 1978 £5.5m to £4.5m

in the region of £1.5m a

year.

"The effect of this will be very

significant on the company. Next

year we will expect trading results

will be significantly improved

from the 5m loss to the region of

break even."

Even after taking account of

the likely £4m trading loss at

Garrard this year, Mr. Marshall

still expects an overall improve-

ment in group profits for the 12

months trading to the end of

March 1979.

The second quarter profit inc-

rements 8.6 per cent increase

in sterling terms at September

exchange rates, and is equivalent

to an improved profit trend

of 18 per cent when expressed in

local currencies.

Worldwide sales figures were

similarly affected by sterling

appreciation, and, with a slight

advance in sales by volume, turn-

over was up to £152m from £149.7m

in the second quarter last year.

First half sales amounted to

£203.9m. (£228.1m).

A feature of the quarterly

results is the strength of the

order book at 31 October 1978

20 per cent up on the same period

last year. The growth applies in

all product areas except consumer

electronics, and is particularly

strong in telecommunications

quotation of the stock has fallen substantially below its par value. In these circumstances and having regard also to the restrictions imposed on the company by the deed constituting the stock, the board has concluded that it would be best for the stock to be repaid at a price well in excess of its present market value but below par.

## Kalamazoo calls for changes

A CALL for a more equitable and sensible formula for allowing dividend increases was made by Mr. T. E. Morland, chairman of Kalamazoo, the business and office systems group which is controlled by the Kalamazoo Workers Alliance.

Speaking at the AGM the chairman pointed out that had the Government's concession on dividend cover been calculated on the basis of the average of five years Kalamazoo could have paid a dividend 23.5 per cent higher instead of the permitted 10 per cent increase.

The present concession allows a company to increase its dividend by more than 10 per cent if the cover after a 10 per cent increase is higher than the level recorded in the highest year since dividend restraint was introduced in 1972.

The chairman felt that this method was wrong for two reasons. Many companies, like Kalamazoo, had an uneven performance for the totally different reasons in 1973 the group was an extremely good year as a result of VAT being introduced and profits were inflated by transfers from the year before and after. Under the chairman's calculation this unevenness of performance could have been ironed out.

He also asserted that dividend restraint really forced companies to pay the maximum permitted to increase every year even though it might not be the best decision in the long term.

In 1978, however, because otherwise the base for all future dividend increases is lowered. While controls are still applied there is no way in which the amount missed in one year can be made up subsequently.



Mr. Joseph Rank, chairman of Rank Hovis McDougall, on the Roller floor of the Battersea flour mill.

See Lex

## Midway rise for Bankers' Investment

Total income of the Bankers' Investment Trust improved from £881,551 to £989,332 in the half year ended October 31, 1978, and profits were £913,027 compared with £520,194 in the same period last year.

Profit is after expenses and interest of £76,806 against £75,533 in the half year tax of £5,533 (£204,904).

The second interim dividend is maintained at 6.0p per 25p share the total last year was 2.55p from pre-tax revenue of £1.67m. At October 31 this year, net asset value per ordinary, after deducting prior charges at par, was 74.5p, against 74.4p at April 30, 1978.

## Jeyes Group redemption

The board of Jeyes Group is to propose a 5 per cent guaranteed loan stock 1983 for which 25p per share is the nominal value ordinary plus £100 nominal of 200c per plus accrued interest.

Since the stock was issued in

1969, the general level of interest

rates has changed significantly,

with the result that the market

## Ranks Hovis restricts final as bread strike hits profits

REPORTING LOWER profits for 1977-78, as forecast, the directors of Bakers' Mc'Dougall warn that group figures are currently being severely affected by the bakers' strike. The final dividend is being held so that holders are getting less than the maximum permitted annual dividend.

In the second half of 1977-78 profits were unchanged at £15.44m compared with £15.38m leaving the group for the year ended September 2, 1978, down from £86.46m to £81.12m. The first-half reduction was blamed on losses during the 1977 bread strike aggravated by adverse conditions in the industry and a deficit in Eire.

Referring to the acquisition of Spinners' bakeries the directors said in May that this would not show any material benefit until 1978-79 when they expected to see a significant improvement.

The directors now say that professional revaluation of the group's UK freehold and long-term leasehold properties at September 2 has thrown up a surplus of £74.41m. Group reserves and the UK equity side and surplus of £74.41m. Group reserves at the year end showed a trading results of the group's advance from £17.66m to £18.70m.

See Lex

## Intl. Timber on target

IN LINE with the profits estimate of not less than £2.5m given in last October's offer document for International Timber Corporation expanded 18 per cent from £2.05m to £3.61m for the half year to September 30, 1978. Turnover rose 7 per cent to £70.85m.

Mr. R. E. Grove, the chairman, reports that trading in October and November has continued at an improved level.

For the year ended March 31, 1978, pre-tax profits of £5.57m were achieved.

The half-year result was struck after interest down from £1.42m to £1.11m, including loan stock, £105,000 (£22,000).

Tax takes £1.82m (£1.83m), including overseas tax of £106,000 (£29,000), leaving net profits ahead from £1.55m to £1.8m.

Earnings per share are strengthened at 10.8p basic, and up to 9.7p fully diluted. As forecast, the interim dividend is raised to 3p (2.75p) net, which will also be payable on stock issued in exchange for Bambergers' shares at 12.5p a share.

Following its loan stock conversion and after all Bambergers shares have been exchanged for corporation stock, the group will have 23.02m ordinary stock units in issue.

Bambergers' shares are still cheaper than existing stocks, and this more than anything else may allow a sharp increase in the second half.

External sales are given as £85.82m (£85.75m) for the period to give a pre-tax profit of around £7.5m on the year. Demand coming from the home improvement market is compensating for a rather dull new construction market. At 12.5p the shares yield a prospective 8.5 per cent on a diluted p. about 6.2, leaving Bambergers out of the reckoning.

## Tribune Trust currency agreement

Tribune Investment Trust has concluded a currency swap agreement with Baring Brothers of U.S.\$3m against an equivalent amount of sterling for a period of three years at an interest differential in favour of the company.

A temporary facility of \$2m was arranged with Baring in July, 1978, under which \$1m has been drawn, and this amount has been repaid now that the new swap arrangement has come into force.

## Johnson + Firth Brown Group

"While JFB is a diverse group of engineering companies, a common thread running through it is an explicit policy of seeking out specialist niches in otherwise well serviced markets where skill, effort and experience can command premium prices. By keeping a tight control over our costs and operating with the best equipment available, we believe that we can look forward to a prosperous future for all those associated with the company."

J.M.Clay, Chairman of Johnson + Firth Brown Limited, reporting to shareholders on the year ended 30th June 1978.



His original sketch, for his most famous painting now in a signed Jubilee limited edition

the final portrait." As he says, "It is very personal, for it is to me the Queen as I first saw her, so young and I think romantic."

Although the sketch is issued in the form of a limited edition, it is restricted, because of its special importance, to 850 fine-art examples only—each individually signed and numbered by Annigoni himself.

It is the first time the sketch has been available. It is also the last: the Coronation Jubilee limited edition is thus the only opportunity there can ever be to own an original fine-art print of this historic sketch.

Signed and numbered individually by Annigoni in his studio in Florence, the sketch—which measures 12" x 15"—has been published in this historic edition exclusively by Blenheim Fine Arts.

With the edition already signed and ready for immediate despatch, making thereby a superb Christmas gift, prompt application is strongly recommended. At the price of £75 a signed Annigoni limited edition fine-art print of the Queen must have the greatest appeal. For full details, write or telephone now. All applications will be dealt with immediately. Do not send any money now.

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Copies of the Report and Accounts are available from The Secretary, Johnson + Firth Brown Limited, Smithfield House, Sheffield S1 2AU.

## Flexello pays 20.9% more

TURNOVER of Flexello Castors a higher scale of automatic cover and Wheels improved from £3.35m to £3.4m in the year to September 30, 1978, and pre-tax profits were higher at £703,364 compared with £596,211 in the previous year.

When reporting first-half profits up from £239,566 to £264,808, the directors said they expected current levels of business would be sustained for the remainder of the year and that second-half profits would exceed those of the first six months.

Earnings per 25p share for the year are shown at 18.32p against 17.55p and a final dividend of 2.187p makes a total of 2.342p against 2.176p, a rise of 20.9 per cent.

The directors explain that Treasury consent has been obtained to increase the dividend for the year to £110,800 to reflect the dividend cover to the highest cover achieved for any year since control began.

After tax of £96,748 (£105,208) net profit for the year is £82,018 against £48,003. SSAP13 has been adopted and comparisons have been adjusted. All the accumulated provision for deferred tax of £75,088 has been transferred to reserves.

On the current year the Board states that although the rate of improvement in turnover and profits seen last year may not be maintained, it is confident that at least a modest improvement will be achieved.

### Scott. Amicable lifts cover

The Scottish Amicable Life Assurance Society has announced

### Dundonian jumps 96.5% - prospects excellent

GOOD PROGRESS in trading at Dundonian lifted taxable profit by 96.5 per cent from £60,542 to £116,088 for the nine months to September 30, 1978, and Mr. Max Lewinsohn, the chairman, says that future prospects look

historically the majority of the group's annual surplus is earned in the second half and a substantial increase for the full year is anticipated, the chairman states. For 1977-78 the profit jumped from £103,054 to £193,000.

The group's tin and tungsten mining interests, held through a wholly owned subsidiary, South West Consolidated Minerals, are developing well. The exploration programme recently completed by independent consultants justifies cautious optimism, with results per tonne of grades of 0.64% to 0.66%. The net interim dividend and potential reserves which are effectively raised from 0.67p to 0.7p and costs £35,723 (£29,623). The total last time was an adjusted 1417p.



### International Timber Corporation

#### Interim Report

Turnover for the first half is up by 7% over the same period last year. Profits are in line with the estimate given in the Offer document for Bambergers Ltd. sent to shareholders six weeks ago and show an improvement of 15%. Trading in October and November has continued at an improved level.

The Board has decided to pay an interim dividend of 3.0p per Ordinary Stock Unit (1977 2.75p). The interim dividend will be paid on April 28, 1979 to stockholders on the register on March 2nd, 1978. The interim dividend will also be paid on Stock issued in exchange for Bambergers shares instead of the interim dividend declared by Bambergers. At the end of November the final conversion of the outstanding 10% Convertible Unsecured Loan Stock 1980/82 occurred. At the Extraordinary General Meeting on November 20th the proposal of converting the above shares into shares of the company to 28,000,000 new shares. The Offer for the Ordinary shares of Bambergers Ltd. has now been declared unconditional. Acceptances have exceeded 99%.

Following the Loan Stock conversions and after all, Bambergers shares have been exchanged for Corporation Stock there will be in issue 23,072,048 Ordinary Stock Units.

#### Group Results

	Unaudited for the half year to	Audited for the year to
External Sales	30.9.78	30.9.77
Interest - including Loan Stock - £105,000 (1977 £212,000)	30,381	30,977
Profit before Taxation	3,614	3,061
Group Profit after Taxation	1,796	1,534
Interim Dividend per Ordinary Stock Unit	3.00p	2.75p
Basic	10.5p	10.5p
Fully Diluted	9.70p	8.70p
	12.5p	14.5p

### BIDS AND DEALS

## Robertson Foods moves into home brewing

A move into the home brewing business is being made by Robertson Foods with the £1.6m acquisition of Unicam, the Penland Group subsidiary.

Penland, which paid £51 for its 51% per cent stake in Unicam in 1974, is making a handsome profit on the deal. Its share of the purchase price is worth £1m.

To meet the cost of the deal, Robertson is issuing 1.2m shares of which just over three-quarters are to be placed with its existing shareholders.

The other 49 per cent of Unicam which supplies both concentrates and kits for home wine and beer making is held by the four Unicam directors who are to be retained by Robertson. Their share of the deal is worth £60,000.

Robertson said that Unicam operates in a rapidly growing market and that the acquisition marks a further stage in the group's diversification programme.

This year Unicam pre-tax profits were £18,000. Net tangible assets at the end of August were said to be £50,000— including £10,000 deferred tax.

Meanwhile, Robertson which is making a £500,000 pre-tax gain on the sale of its controlling interest is using some of this cash to meet the cost of installing a new computer. It also says it will be looking round for possible acquisitions.

Pentland already operates as an international trader with interests in footwear and sports gear.

#### RACAL STEPS UP ADWEST HOLDING

Racal Electronics has converted a holding of 227,000 of 101 per cent convertible unsecured loan stock into 193,314 ordinary shares in Adwest Group.

This increases its ordinary shareholding to 916,328, representing 9.35 per cent.

#### Family SALE TO DWEK GROUP

Three members of the Dwek family have sold their privately owned Tyrone Metalcraft business to the Dwek Group, in which the family also has a 60 per cent stake.

The initial purchase price for Tyrone is £150,000 cash but there may be a further consideration to be met by the issue of Dwek Group shares, depending upon the profit performance of the new acquisition.

Lord Farnham, chairman of Brown Shipley, said yesterday that he was "quite neutral" about the stake. Business might flow on from the transaction but on his merits, he said. Brown Shipley did not want to be taken over by anyone. "Independence is our appropriate role," he added.

Sanger's current financial state is such that it is likely that the balance sheet will have improved since its last accounts for the year ending March 31, 1977. This showed net borrowings of £4.7m repaid with shareholders funds of £3.7m.

**MURDIN & PEACOCK IN HOVE**  
Murdin and Peacock, cash and carry wholesalers, has recently commenced building 60,000 sq ft cash and carry warehouse on railway property at Hangleton Road, Hove. The new branch will replace the existing warehouse at Victoria Road, Portslade, which is currently open for the 1978 Christmas trade.

The group has since carried out a rationalisation programme in the U.S. and last month sold its operation there. There was no making a small profit. It is difficult to ascertain NO PROBLE

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**"We must take inflation into account"**



## Carless Capel off 28% at midway but now improving

A REDUCTION of 28 per cent in profit, before tax, reported by Carless Capel and Leonard for the half year ended September 30, 1978. However, the directors say profit is up.

The directors state that the trading annual statement which an "exceptional" indication was anticipated in the trend expected to continue through the second half.

They point out that the main source of profit is the hydrocarbon solvents business. Unlike earlier years, the contribution made by the refining of gas condensate is now relatively small.

The directors say that alternative areas for development will be needed and as a means to this end, new capital has been and increasingly will be committed to oil and gas exploration and production.

First half profits included a £1.00 surplus (£80,000 less) on metal stocks, but were before tax of £73,000 (£11,000) and minorities 50% (£12,000).

The net interim dividend is up from 1.5p to 1.8p per share. For all the previous year, taxable surplus was £300,000.

Order books for the company's current mining activity continue to be good, but there has been a noticeable improvement in demand in most of its other markets.

First half profits included a £1.00 surplus (£80,000 less) on metal stocks, but were before tax of £73,000 (£11,000) and minorities 50% (£12,000).

The net interim dividend is up from 1.5p to 1.8p per share. Last year's total payment was £1.00p from profits of £1.07m.

Profit is struck and distributed in arrears of £1.00p (£1.07m less £1.00p).

These activities will build up over the next few years to provide the required growth.

Drilling is currently taking place in block 21-2 further to delineate the discoveries of oil and gas previously made by virtue of the farm-in arrangements made in 1977. These appraisal wells will not involve the company in further expenditure by the directors.

First half earnings per 10p share are stated at 1.4p against 2.0p. The interim dividend is up from 0.3685p to 0.45p net, or 0.9214p paid from profits of £2.03m.

At half time, the directors said the increase in profits in the second six months was unlikely to match the first-half growth, in view of the rise in interest rates. But they looked forward to continued progress.

However, the directors in reporting a surplus of £90,000 again after 12 months in loss at Shaw and Marvin, mercerisers, dyers and knitwear makers for the half-year to September 30, 1978, but still no return to dividends.

Assuming that trading conditions are maintained, they expect to report a satisfactory profit for the full year.

Sales for the six months were marginally ahead at £883,858.

Yearly profits were subject to a loss of £75,000 last time again, again no tax payable, say the directors. In half, profit started very well.

Assuming that trading conditions are maintained, they expect to report a surplus of £90,000 again after 12 months in loss at Shaw and Marvin, mercerisers, dyers and knitwear makers for the half-year to September 30, 1978, but still no return to dividends.

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# PUBLISH. OR BE DAMNED.

Next week 100,000 BL car workers will decide in a secret ballot whether or not to accept a new pay offer

An offer that has aroused a fair amount of comment in the press.

A lot of it less well informed than it should be.

So we'd like to publish the full story.

It has been suggested that BL is a "lame duck" and is in no position to consider any kind of wage increase whatsoever.

Anyone who passes comment on the fortunes of BL should present all the relevant facts. Rather than a few facts wrapped up in a bundle of fiction.

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The offer consists of two elements.

A basic pay rise of 5%, financed from profits. Modest perhaps, but profits our critics would have you believe don't exist.

On top of this, there is a comprehensive package which includes a common wage bargaining date for which there has long been a recognised need; a move towards parity payments, so that people doing the same job in different plants will reach wage parity by next November; plus other restructuring agreements.

All of this is being paid for—not by the Government or our customers—but by extra productivity in the form of de-manning

and genuine increased output per man.

Unlike some productivity deals, this one will only be paid as and when the extra productivity has been delivered.

This is the package that has been recommended by the Union Members of the BL Cars Joint Negotiating Committee for approval by ballot, and this recommendation has been endorsed by a 3-1 majority of senior shop stewards throughout the company.

Of course there is still much to put right at BL.

But profits at the half-year were ahead of targets agreed with the NEB and Government. Even after hefty interest payments on Government loans.

And the outlook remains good.

And equity funding from the NEB is being used as it was designed to be used. To finance investment in new equipment and new products. Until such time as we can go it alone.

Add the fact that our employees are showing ever-increasing responsibility and determination to put BL firmly on the road to recovery and you can see why we have grounds for optimism.

And why we will not stand by and see these efforts devalued by misleading and misinformed criticism.



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Interflora Gift Tokens. Yet another way Interflora makes the day. Interflora Worldwide.

## COMPANY NOTICES

## THE MESSINA (TRANSVAAL) DEVELOPMENT COMPANY LIMITED

Incorporated in the Republic of South Africa

AUDITED INCOME STATEMENT

COMPANY	For the year	GROUP
30.6.77	30.6.78	30.9.78
1,490	1,617	Net Income/Loss from Mining
b34	Deduct Proportioning and expenditure on mining projects written off	5,620 11,567
292	12,181	Net income from industry after deduction of taxation
—	—	5,626 6,528
221	12,181	Income from subsidiary companies
4,818	2,757	Interest, rents, dividends and other income less surplus expenditures
—	—	9,628 7,978
4,356	—	Payment and mailing instructions on:
4,872	720	EAGLE ISLE SEAFOODS LTD.
4,132	—	Deobank, Ballina, Co. Mayo, Ireland. Tel. 88081-746510. Telex 4738.
4,152	380	Outside shareholders' interest, ipo net income of subsidiary companies
—	—	1,143 2,316
4,152	380	Net income after extraordinary items
—	—	5,172 5,428
4,152	380	Extraordinary items holding company
—	—	5,172 5,428
5,801	10,717	Net loss/income
47	1,681	Unrelated losses arising from currency fluctuations
—	—	1,720 —
47	1,681	Outside shareholders' interest in cur. related losses
47	1,681	Less Transfer from/distributable reserves
2,501	10,327	Dividends
7,795	10,327	Net transfer from reserves
2,501	10,327	Net transfer from reserves
COMPANY	Contra per share	GROUP
30.6.77	30.6.78	30.9.78
23	3	Borrowings before extraordinary items
20	—	19 56
—	—	25 56
NOTES—Certain comparative figures have been re-arranged.		

The extraordinary losses were incurred primarily in Premier Metal Holdings Limited, in the sale of the crane hire business to Leaser-Almet Limited and the write-down of the Group's investment in Concord Bank Limited. The Group has written off the entire nominal value of Messina's investment in Premier Metal. The losses in Premier Metal have resulted in a gain of £10 million for potential losses on the disposal of surplus parts and components. The Company has written off the cost of the disposal of surplus parts and components. The Group has consolidated results reflect a total write-off of Premier Metal's existing assets.

It is, however, the belief of both ourselves and Premier Metal's other shareholders that the Directors' decision to write down the Group's investment in Premier Metal was correct. We have, therefore, decided to recapitalise the company with an equity injection of £7.25 million.

In view of the extraordinary losses, the Directors decided that neither an Interim nor Final Dividend would be paid.

The Report and Accounts for the financial year ended 30 September 1978 will be circulated to members on or about 25 December 1978 and the Annual General Meeting will be held on 28 January 1979 in Johannesburg.

By Order of the Board,  
THE MESSINA (TRANSVAAL) DEVELOPMENT COMPANY LIMITED

A. T. TICKNER, London Secretary.

Hans Giese, Mr. Giese, G. Atkin & Staff, St. James, Johannesburg.

London Office: 29 St. James's Street, London SW1A 1TH.

Transfer Office: 29 Harrison Street, Johannesburg, 2001.

London: 6 Grosvenor Place, London SW1V 1PF.

London: 8 December 1978.

SPARBANKERNAS BANK  
US \$300,000.00 8% Bond Loan 1978/88  
NOTICE IS HEREBY GIVEN that pursuant to paragraph 4 of the terms and conditions the minimum rate in the amount of US\$4,500,000 for redemptions and transfers of bonds will be 8% per annum on the principal amount. A drawing by lot of bonds will not be effected this year.

The outstanding amount after redemptions as per January 15, 1979 will be US\$27,500,000.

Stockholm, December 1978

NOTICE TO HOLDERS OF 8% GUARANTEED CONVERTIBLE BONDS IN SWEDISH INVESTMENT BANK AB

DEBENTURES 1978 OF MASTERSCAPE LTD.

on Illicitations

NOTICE IS HEREBY GIVEN by BAHN, 1979, that the holders of 8% Debentures of Masterscape (Masterscape) Limited, dated 25th June 1978, nominal amount of US\$1,000 per Debenture, will remain outstanding after 1st January 1979.

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## Doctors' deputy service backed

BY PAUL TAYLOR

A PUBLICITY campaign was launched yesterday with the backing of the British Medical Association to persuade people of the need for, and advantages of, family doctor deputising services.

The campaign, mounted by the association's Deputising Services and the Medical Directors Association, which are the two main organisations providing substitute health cover on behalf of 10,000 general practitioners in the UK, is primarily aimed at countering recent adverse publicity over the standard of some deputising services.

By selecting the theme "care for your doctor's health" the two organisations are hoping to emphasise that by using deputising services patients can relieve the stress of over-worked doctors and enable them to provide a more efficient service during regular working hours.

Dr James Cameron, chairman of the association, accepted that there had been "failures" in the field of deputising services but stressed that strict new code of practice introduced in April, coupled with new administrative controls ensured that these problems were being overcome.

Between 80 and 90 per cent of all deputising services are controlled, either by the BMA Deputising Service or the Medical Directors' Association. These services cover about 25m people in the UK.

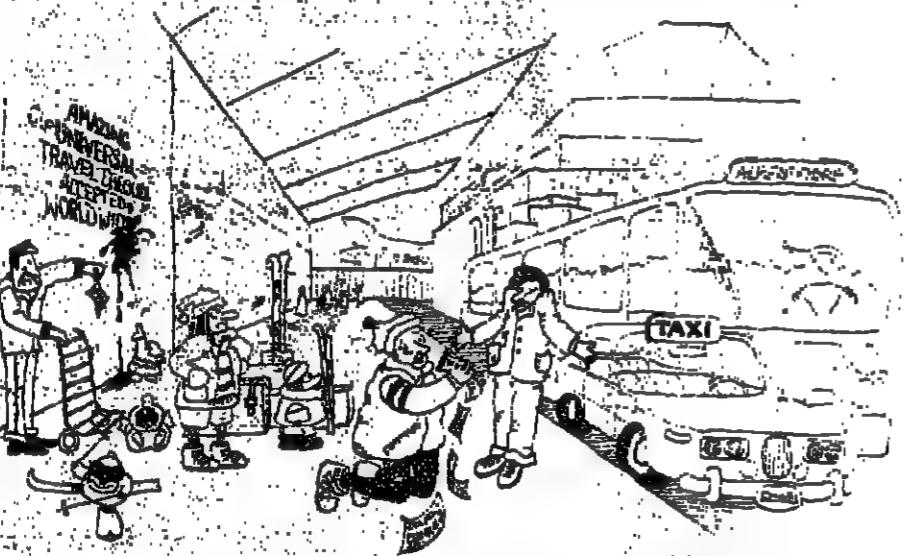
### Jobs for 250

CUMBERLAND, FERREDY is to take over an empty factory near Durham City under a £2m expansion plan creating 250 new jobs. The company already employs 500 in two textile factories in North West Durham.

## FACTS FROM CHEQUEPOINT

A SERIES

No.1 Travellers Cheques



### There's no substitute for money!

So they sold you Travellers Cheques?

You aren't alone. Every year thousands of people buy Travellers Cheques. Somewhere, somehow they heard that it's the right and proper thing to do. But do Travellers Cheques really benefit them? Here are some facts you can weigh up yourself:

## CONS (cont'd)

1. Contrary to common belief, Travellers Cheques are NOT accepted by everyone.
2. Many Hotels, Restaurants, Petrol Stations, Shops and services (and usually it's just the one you need) can't be relied upon to take your Travellers Cheques at all. Others may reluctantly encash them—but only at their own rates—often taking a generous margin to protect themselves.
3. During currency fluctuations or a crisis it can become impossible to cash your Travellers Cheques at all outside banking hours.
4. You are almost certainly made to pay a commission to change your Travellers Cheques into foreign currency whilst abroad.
5. To buy your Travellers Cheques after thinking about it you may decide like a growing number of others, that Travellers Cheques can do little for you except cost you money and perhaps cause you difficulty and embarrassment especially in the climate of today's volatile foreign exchange. So what's the alternative? Take cash (that is to say notes and coins)—we'll buy them back on your return, even the coin. Insure your cash against loss if it isn't already insured by your travel agent or broker. Compare these rates to see the cheapest and most convenient way to get your holiday currency:

You'll find that Chequepoint usually gives more dollars, francs, pesetas etc. for your holiday pound than its competitors. For example, on Thursday 30 November 1978 £1 would have received the following amounts of foreign currency:

	Lloyds	NatWest	Barclays	Hos Cook	AmExpress
USA \$1.95	1.945	1.945	1.931	1.945	1.917
Fr FF8.58	8.49	8.54	8.52	8.50	8.40
Ir £1.658	1.650	1.645	1.650	1.620	
Sp Pts 1394	1384	139	139	139	139
Aus Sch 27.10	27	27	—	27	25
Swi SF3.35	3.33	3.34	3.34	3.34	3.24
Commission 45p	50p	50p	50p	50p	50p
Hours Up to 24 hrs	9.30-3.30	9.30-3.30	9.30-3.30	9.30-3.30	9.30-3.30

For spot quotations on foreign exchange tel: 01-584 6654

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13 Kings Road, London, SW3 Tel: 01-589 7466  
58 Queensway, London, W2 Tel: 01-229 4268  
24 Wardour Street, London, W1 Tel: 01-439 6341  
\*including CHRISTMAS DAY

chequepoint—THE ALTERNATIVE—Help us to help you

## £8.75m underground water store planned

BY COLIN TOOMEY

A SCHEME to divert a water scheme. They claim that drawing water from the earth's surface will endanger their crops. If permission is given, the water authority expects to begin work in 1981, and supply water to the Severn two years later.

## Industrial

It claims that the advantages of the scheme are considerable. Apart from providing water more cheaply than other reservoir proposals, the scheme could be constructed in phases to meet the extra demand for water as it arose.

The extra water from the scheme would allow an additional 650 million litres to be drawn from the Severn each day for industrial and domestic purposes.

At present, about 120m gallons are daily taken out of the river. Even after recycling, the net loss is about 80m gallons.

Extra water is often needed to maintain levels during the summer, and a sufficient water flow to dilute effluent.

At the moment the water is provided by the Clywedog Reservoir in mid-Wales. But by the 1980s, it will not be able to meet the demands on the Severn which are rising by more than 1bn gallons a year.

The new Shropshire scheme will enable more water to be taken from all seven major abstraction points on the river from 1983.

Another big advantage of the project is that the 68 pumping sites require less land than a reservoir. Only about 17 acres are needed as most of the works will be below ground level.

It is expected that the scheme will be used on average only once every three years for between three and 20 weeks.

TO HELP move Christmas mail the Post Office is employing an extra 30,000 people to support the 122,000 regular mails staff.

The Post Office estimates that this will cost £5.5m.

Unemployed people have been given preference for the seasonal jobs but students are next in the queue.

About 4,000 vehicles have been hired to expand the postal transport fleet of 28,000 vans and container lorries over the Christmas period. In addition, more than 300 buildings will be hired for use as temporary sorting centres.

From now up to Christmas Eve the Post Office expects to collect, sort, and transport 940m greetings cards, letters and gift parcels, and deliver them to 22m addresses.

The last recommended posting dates for Christmas are: December 18 for parcels and second-class letters; and December 19 for first-class letters. Post Office counters will be closed throughout the UK on Christmas Day and Boxing Day and will reopen, in general, on December 27.

In England, Wales and Northern Ireland post office counters will close for the New Year holiday on January 1 and 2. In Scotland on January 1 and 2.

VIEWERS with a taste for nostalgia will find little dispelling in the ITV Christmas schedules.

The commercial companies' recipe for festive entertainment, traditionally a time when the big ratings go to the BBC, include such old faithfuls as Benny Hill, the Muppets, Morecambe and Wise and a special edition of Christmas Crossroads.

In what the companies describe as their "richest-ever Christmas mixture" of programming, ITV will offer the feature films as Diamonds Are Forever, The Day of the Jackal, Camelot, and Dr Dolittle.

On Christmas Day, the main show will be a special edition of the Muopps with Danny Kaye as the guest; Leonard Rossiter as a guest in the Morecambe and Wise Show; and a festive edition of This Is Your Life.

On Saturday, December 23, Tommy Steele will star in a two-hour version of The Yeomen of the Guard.

## Christmas nostalgia on ITV

By Arthur Sandys

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## Shaping future of tourism

Financial Times Reporter

LONDON'S problems as a tourist destination—fighting for business on the one hand but struggling with the crowds on the other—were the subject of a meeting yesterday of representatives of tourism, hotels, local and national government and traffic carriers.

Mr John Smith, Secretary of State for Trade, told the conference that Britain needed to look at the service industries, of which tourism was a notable example, as a source of income and work.

"I am aware that there is considerable concern among local authorities most closely involved, about the social costs which increased investment in hotel stock would impose: on land use, noise, parking and road traffic."

Much of the comment about over-crowding was exaggerated and "even in jubilee year London coped well enough."

"But are there already constraints which could limit further growth, however desirable, to the obvious disadvantage of Britain as a whole?"

Mr Melvyn Greene, of consultants Greene Bellfield-Smith, told delegates that Britain would not see growth in tourism unless there was an increase and upgrading of the nation's bedstock.

Among the problems was the fact that investors regarded hotels as less attractive than other projects because of their sole purpose. They saw difficulties in assessing rent reviews

حکایات الکمل

New Issue  
December 5, 1978

## Hitachi Zosen Kabushiki Kaisha

Hitachi Shipbuilding & Engineering Company Limited  
Osaka/Japan

DM 50,000,000  
5 3/4% Bonds due 1983

guaranteed by  
The Sanwa Bank, Limited  
Osaka/Japan

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Den Danske Bank  
al 1871 Aktieselskab  
Den norske Creditbank  
Banca del Goto  
Banca Nazionale del Lavoro  
Banco di Roma  
Bank of America International  
Bank Julius Baer International  
Bankers Trust International  
Bank für Gemeinschafts  
Aktiengesellschaft  
Bank Maes & Hope N.V.  
The Bank of Tokyo (Holland) N.V.  
Banque Bruxelles Lambert S.A.  
Banque Francaise du Commerce Exterieur  
Banque Générale du Luxembourg  
Societe Anonyme  
Banque de l'Indochine et de Suez  
Banque Internationale à Luxembourg S.A.  
Banque Nationale de Paris  
Banque de Neufchâtel, Schaffhausen, Mallet  
Banque Norddeutsche S.A.  
Banque de Paris et des Pays-Bas  
Banque Populaire Suisse S.A. Luxembourg  
Banque Rothschild  
Banque de Union Europeenne  
Eaming Brothers & Co.  
Limited  
Bayerische Hypotheken- und Wechsel-Bank  
Bayerische Landesbank Gironzionale  
Bayerische Vereinbank  
Berliner Bank  
Aktiengesellschaft  
Berliner Handels- und Frankfurter Bank  
Blyth Eastman Dillon & Co.  
International Limited  
Caisse des Dépôts et Consignations  
Chase Manhattan  
Limited  
Citicorp International Group  
Commerzbank  
Aktiengesellschaft  
Copenhagen Handelsbank  
County Bank  
Limited  
Creditreit-Bankverein  
Crédit Commercial de France  
Crédit Lyonnais  
Credito Italiano  
Daiwa Europe N.V.

Richard Deak & Co.  
Bankers  
Deutsche & Co.  
Den Danske Bank  
al 1871 Aktieselskab  
Den norske Creditbank  
Banca del Goto  
Banca Nazionale del Lavoro  
Banco di Roma  
Bank of America International  
Bank Julius Baer International  
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Crédit Commercial de France  
Crédit Lyonnais  
Credito Italiano  
Daiwa Europe N.V.

Samuel Montagu & Co.  
Limited  
Morgan Grenfell & Co.  
Limited  
Morley Stanley International  
Limited  
Merrill Lynch & Co.  
New Japan Securities Europe  
Limited  
The Nikko Securities Co., (Europe) Ltd.  
Nippon European Bank S.A.  
The Nippon Kangyo Kalmaru  
Securities Co., Ltd.  
Nomura Europe N.V.  
Nordeastern Landesbank  
Gironzionale  
Okasan Securities Co., Ltd.  
Sal. Oppenheim Jr. & Cie.  
Orion Bank  
Limited  
Plesner, Halding & Plesner N.V.  
PKBanken  
Privatbanken Aktiebolaget  
Rexord & Co.  
Rothschild Bank AB  
H.M. Rothschild & Sons  
Limited  
Salomon Brothers International  
J. Henry Schroder Wag & Co.  
Limited  
Singapore-Japan Merchant Bank  
Limited  
Stadionvejens Eneklasse Bank  
Smith Barney, Harris Upham & Co.  
Incorporated  
Société Générale  
Société Générale de Banque S.A.  
Sparkassenbank  
Somfomo Finance International  
Swedes Handelsbanken  
Triibaus & Barankit  
Union Bank of Switzerland (Securities)  
Limited  
Verband Schweizerischer Kantonalbanken  
Vereins- und Westbank  
Aktiengesellschaft  
J. Vontobel & Co.  
Wako Securities Company  
Limited  
M.M. Warburg-Schulmann, Wirtz & Co.  
Westfalenbank  
Aktiengesellschaft  
WestLB Asia  
Limited  
Wood Gundy Limited  
Yamaichi International  
(Deutschland) GmbH

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / November, 1978

\$250,000,000

## Province of Ontario (Canada)

Thirty Year 9% Debentures Due November 30, 2008

Principal and interest payable in The City of New York in lawful money of the United States of America.

Salomon Brothers

Wood Gundy Incorporated

This announcement appears as a matter of record only.



Société Nationale pour la Recherche,  
la Production, le Transport,  
la Transformation et la  
Commercialisation des Hydrocarbures

**U.S. \$16,000,000**

Medium Term Credit Facility

Unconditionally Guaranteed by  
**Banque Extérieure d'Algérie**

Managed by

**Banco do Comercio e Industria de São Paulo S.A.**  
(Cayman Islands Branch)

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December 1978

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Luxembourg

November 1978

## APOLLO

Edited by Denis Sutton

THE WORLD'S LEADING MAGAZINE OF ARTS AND ANTIQUES

Published monthly price £2.00

Overseas subscription £2.80

Annual Subscription £25.00 (Inland)

USA & Canada Air Assisted S56

Apollo Magazine, Bracken House, 10, Cannon Street, London, EC4P 4BY Tel: 01-248 8000

## Currency, Money and Gold Markets

### Dollar easier, pound firm

The dollar lost ground and revaluation of the D-mark before sterling improved in fairly quiet trading in the foreign exchange market yesterday. The U.S. currency's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, was down against other major currencies by 0.2 per cent.

PARIS—The dollar lost ground against the French franc in dollar trading at DM 1.9180 compared with DM 1.9153 on Monday, after trading within a range of DM 1.9090-1.9260. Movements were similar against the Swiss franc and Japanese yen were fairly

stable, up 0.1 per cent.

PARIS—The dollar lost ground against the French franc in nervous trading as dealers awaited the outcome of the European Council Meeting in Brussels. The U.S. currency eased to FF 4.4095 from the high point of FF 4.4300 in the morning and from Monday's close of FF 4.4260.

Reports that the D-mark will not be revalued again in view of the

European currencies on the introduction of the EMS led to a rise by the French unit. The D-mark fell to FF 2.2975 from FF 2.3170 at the start, and Monday's closing level of FF 2.3100. Sterling closed at FF 8.6010 compared with FF 8.5890 late Monday.

MILAN—The lira improved against the stronger European currencies at yesterday's fixing. The D-mark declined to L44.883 from L44.810 on Monday, and the Swiss franc to L46.40 from L47.40. The decline of the Italian currency against the D-mark followed speculation that the European Monetary System will start before the new year. The dollar was slightly firmer, rising 0.1 per cent to L45.82 from L45.80 on Monday.

NEW YORK—The dollar declined slightly against other major currencies in very quiet early trading. Most market speculation centred around the D-mark, and the possibility of a start-for

the EMS before January 1, but demand for the German currency

stayed to ease on the statement from the Bundesbank.

AMSTERDAM—The dollar traded at DM 1.9180-1.9240, trading

the dollar eased to FF 2.3015 against the guilder from FF 2.3070 at the fixing. The previous fixing was FF 2.3045.

TOKYO—The dollar lost ground against the Japanese yen, closing at Y194.80, compared with Y194.50 on Monday. Pressure from overseas and at home was reported, with the Bank of Japan intervening to support the U.S. currency.

After opening at Y194.70, the dollar improved to Y196.40 in the morning, but suffered from selling pressure after lunch. The lowest level touched was Y196.20, with the market showing signs of caution after the dollar's recent

rise. The scale of intervention by

authorities was not clear.

FRANKFURT—The German Bundesbank did not intervene when the dollar was fixed at DM 1.9248, compared with DM 1.9185 previously. The fixing level was well above its opening level of DM 1.9105. The rise of the U.S. currency in fairly active early trading followed a report from the Bundesbank that present

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# Where microprocessing creates and does not destroy jobs

BY RAY DAVID, NORTHERN CORRESPONDENT

**B**EFORE nationalised dependency acquisition of AEG and English Electric in the 1960s, the company which microprocessing has for some time been and other latest developments bursting at the seams with electronics are going to have, there might be a case for having a look at what has been happening in the North. Stanmore and Finsley in the South East, town of Kidsgrove.

Set midway between the competing influences of Manchester and the Midlands, Kidsgrove has until recently GEC's centre for the manufacture of audio equipment, record players, music centres and the like. It is a market, however, in which British manufacturers are faced with strong competition from overseas and from the Far East, in particular, and employment at the factory had dropped from around 600 at its peak to only 250 at the beginning of this year.

For GEC there was a similar problem, too, in television-set manufacture where its Hiwayne factory in mid-Clayton originally set up to supply the European market but now faces competition in an over-crowded British market from imported Japanese and British-made Japanese sets—was also working below capacity. GEC made the obvious decision to concentrate production in one factory, and with Hiwayne in an area enjoying full government development area incentives—Hiwayne was chosen.

The GEC plant at Kidsgrove, however, will not be suffering the slow death which has come to many other branch factories throughout the UK, with a succession of new owners taking over, each employing fewer people than its predecessor, and with the quality of the jobs in terms of skill, as well as the quantity, often declining, too.

Salvation has come for Kidsgrove in the shape of a takeover by one of the fastest-growing GEC subsidiaries, Marconi Space and Defence Systems (MSDS), which will be employing more people than the previous group occupant, and an even more highly-skilled work force. Furthermore behind much of the new work now being transferred to the plant will be microprocessing more usually seen as potential destroyer of jobs in British industry.

The growth of MSDS has been one of the success stories within GEC, with sales growing from £8m 11 years ago to £160m last year and an estimated £240m in the current financial year. An amalgamation of the various defence electronics companies which GEC inherited after its

which determine whether shells develop its own special products reach their targets, as well as in the professional electronics computers now used in field, and for GEC as for the tasks to ensure that gains rest of British industry one of remain accurate even over the main problems will continue rough country at speed.

The other arm of MSDS is when it's search for a site space communications where it started MSDS was inclined inwards Manchester itself because it II, the military communications of the concentration within the area of electronics and engineering. The choice eventually fell on Kidsgrove because the group saw it as a chance to provide continued employment for GEC employees about to lose their jobs, but MSDS is still confident

The Kidsgrove plant will be that some of the benefits that gained by stages into the complicated work which MSDS farther north can still be carried out, as retraining of the labour force to the very high standards demanded in the occupied by GEC Elliott Automation and ICL, the computer manufacturers, so there are already the makings of an electronics park within the town

A major recruitment drive is now under way and it is hoped about 150 engineers can be recruited within the next year. Eventually employment is expected to rise to about 2,300, of whom 500 will be skilled engineers and 2,000 production workers. Plans are already in hand to develop a new 100,000 sq ft factory on a site adjoining the existing site at Kidsgrove, and over the course of the next three years total investment of £5m on new plant is expected.

The Kidsgrove development would seem to highlight two lessons for industry. Some products by their very nature, such as audio equipment and television sets, are likely to become more difficult to manufacture competitively in Britain because the technology is now available to lower cost producers in the Far East. There therefore a need to be moving continually into newer areas such as in this case the field of professional electronics—where Britain's brainpower can be put to better use.

At Kidsgrove GEC is also demonstrating that providing constraints such as the shortage of skilled labour are overcome—a more of this sort need not necessarily mean fewer jobs. Instantly, banks also need this facility so that accounts can be checked while transactions are made. Traffic control is another area where MSDS sees its experience in the defence and space field will enable it to come up with systems suitable for increasingly complex urban requirements.

It is likely to take several years for the Kidsgrove plant to markets.

## A FINANCIAL TIMES SURVEY WORLD MINING

JANUARY 16 1979

The Financial Times proposes to publish a Survey on World Mining. The provisional synopsis is set out below.

**INTRODUCTION** In their quest for alternative energy sources, the oil majors, with their powerful cash reserves, are moving into the mining industry. Already their attentions are beginning to broaden from energy alternatives, such as coal and oil, into other minerals. At the same time, it cannot be assumed that their continuing exploration for oil and gas will be fruitless—as shown in the big Mexican discoveries—and we may be seeing the evolution of a single major world natural resources industry.

**COAL AND URANIUM** The progress made in the development of these "before—and-after-oil" energy resources. The problems, financial political, and environmental, which have to be overcome.

**GOLDS, DIAMONDS AND PLATINUM** The dramatic revival in demand and prices for these precious products. The reasons for the revival and the outlook.

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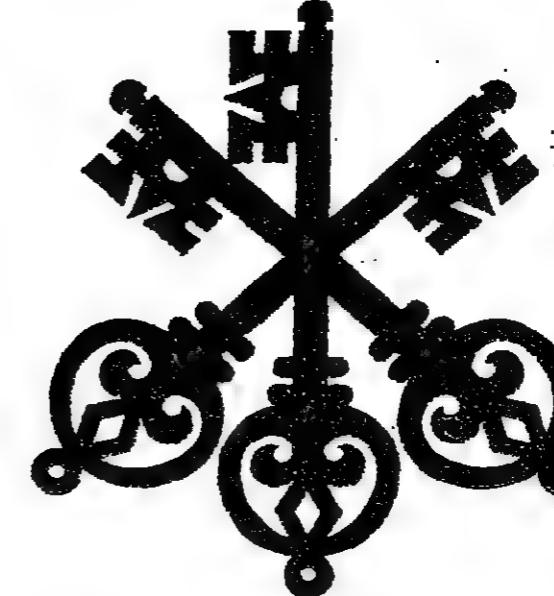
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JOHN LEWIS

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means 'Valley of the Deer'



## NORTH AMERICAN NEWS

**Exchange losses hit Deere earnings**

## Heinz quarterly earnings show rapid improvement

BY JOHN WYLES

**MOLINE, Dec. 5.** A DOWNTURN in earnings in the fourth quarter at Deere and Company, one of the world's largest manufacturers of farm equipment, seems to have upset recent analysts' prediction for the year's outcome.

Earnings for the final quarter slipped by 3 per cent to \$4.9m, with share earnings down from 76 cents to 74 cents. Sales showed a gain of 14 per cent at \$1.12bn.

For the full year, net earnings are 3.5 per cent up at \$264.8m, or \$4.8 a share against \$4.24, on sales 15 per cent higher at \$4.15bn. At the third quarter stage, some analysts upgraded their forecast for Deere to predict share earnings of \$4.87.

Deere said the principal impact on fourth quarter earnings was from foreign exchange losses.

In fiscal 1978, foreign exchange losses were \$33.3m, against \$13.6m in 1977.

Such losses were especially severe during the fourth quarter, totalling \$30.3m against \$3.7m in the like period.

The chairman, Mr. William A. Hewitt, said the company could recover a significant portion of the 1978 foreign exchange loss if the U.S. dollar retains the same strengthened value relative to other currencies that prevailed in early December.

He explained that the 1978 foreign exchange loss relates primarily to the translation of foreign currency financial statements in US dollars. Unlike currency exchange losses, Deere's translation losses "are mostly unrealised and can be recovered in future periods if the dollar is stronger than it was on October 1st."

Deere said that 1978 farm equipment sales rose 12 per cent to \$3.29bn, breaking the \$3bn level for the first time. Industrial equipment sales rose 28 per cent to \$883m.

Sales in the U.S. and Canada were up 14 per cent to \$3.21bn while overseas sales rose 21 per cent to \$842m.

Overall, dealer inventories are very low in relation to sales, particularly for large farm tractors, combine harvesters and certain industrial machines. Production schedules are about 10 per cent above 1978 levels.

Dealer receivables were \$1.26bn at October 31, up from \$1.28bn last year.

Deere expects another good year in 1979 and added that capital expenditures in fiscal 1978 totalled \$218m.

Agencies

**Bache issue**

The directors of the Bache Group today authorised the issue of up to 700,000 new shares of common stock to continue the securities firm's diversification into insurance brokerage, writes John Wyles from New York. Bache, whose principal subsidiary is Bache Halsey Stuart Shields, is Wall Street's fourth largest securities house with total assets of \$14.9bn.

In common with its rivals, it is seeking to cushion its earnings against the vagaries of market cycles by diversifying into areas with related skills.

Merrill Lynch, the No. 1 U.S. securities firm, is investing increasingly large amounts in real estate services, and the property area in general is attracting the interest of other firms. Last year, Bache acquired the San Francisco insurance broker Alfred M. Bender, which it believes has the potential to become a national insurance brokerage business.

Sales for the quarter rose by "satisfactory sales and earnings gains."

**H. J. HEINZ** has enhanced its reputation for good quality growth in the quarter ending November 1 by returning a 18.4 per cent increase in net income.

This is a faster rate of growth than either the company or security analysts had generally expected and Mr. Burt Cookin, vice-chairman and chief executive, largely attributed the income surge to significant increases in sales volume.

Mr. Cookin warned that it was unlikely that the company's rate of growth would be maintained in the second half of its fiscal year, but he predicted that full year operations would result in the sixteenth consecutive year

of satisfactory sales and earnings gains."

**CHASE MANHATTAN BANK** says most of its American banking counterparts are continuing to experience very strong competition in the field of international lending. Chase chairman David Rockefeller said yesterday.

Mr. Rockefeller told a Press conference in London that his bank's overseas lending activity was continuing to expand, but at a somewhat lower pace due to the highly liquid conditions now prevailing in the international capital markets.

Today, there is a buyers' market in international lending, the U.S. banker said, stressing that major banks in Europe and Japan had become extremely aggressive in competing for new sources of business.

In the medium-term markets, in fact, other bankers are pointing to the example of South Korea as one country that seems to be shifting away from American banks as a main source of commercial bank finance.

In its first large loan involving Arab banks, South Korea — through the state Export-Import Bank — has raised \$260m. The operation has been substantially oversubscribed.

Loan managers were Union des Banques Arabes et Francaises (UBAF), First Chicago Asia and the Long-Term Credit Bank of Japan.

The 10-year credit carries a spread of 5.8 per cent for the first two years, and 7.8 thereafter.

**CHASE** Manhattan's general view of the medium-term markets is that there is yet no real levelling-out occurring. In Europe and the Middle East, which have enough excess liquidity to continue lending at the level of lending spreads.

While the surplus revenue of

the OPEC group of nations are diminishing, the expanding balance of payments surpluses of the U.S. and U.S.S.R. appear to be responsible for the injection of new liquidity into the capital markets.

Apart from First Chicago, few U.S. banks participated in the syndication.

Eurobankers say this is consistent with the trend established

by Chase because of the low lending margins offered.

The Soviet Foreign Trade Bank (Vneshtorgbank) has just completed a \$260m syndicated loan, with a maturity of eight years and spread of 5.8 per cent.

The loan, placed among a restricted group of banks, was assembled by Lazard Frères in Paris, Banque Européenne de Tokyo and Banque Nationale de

Paris.

This credit is widely regarded as representing an effective refinancing of a \$250m two-tranche Euromarket loan the Soviet State bank repaid in the autumn.

Among the large syndicated loans scheduled up to the year-end, Mexico's leading state banking and financial agency, Nacional Financiera, is to arrange a \$500m syndicated loan in the Euromarkets.

This should mark the last large Mexican state credit to be arranged in 1978.

The loan is for 10 years, with a spread of 7.8 per cent throughout.

Five banks will assemble the credit on a joint basis — Bank of America, Citicorp International Group, Dresdner Bank, Bank of Montreal and Bank of Tokyo.

During the course of this year for U.S. banks to drop out of the Euromarkets as interest rates margin continue to fall. But their role is being taken over increasingly by banks in Japan, Europe and the Middle East, which have enough excess liquidity to continue lending at terms the Americans consider unattractive.

**RESORTS INTERNATIONAL** has suspended yesterday after the New Jersey Attorney General objected to the granting of a permanent licence for its Atlantic City casino, today said it was "appalled" by what had happened.

The objections, contained in a 115-page report, were based on Resorts' alleged connections with organised crime and irregularities at its casinos in the Bahamas and Atlantic City (the latter has been operating on a temporary licence since it opened last May).

Resorts categorically denied that it has ever had any connections with Meyer Lansky or any other alleged undesirable in the broadest sense of the term. It also declared that it has never raised \$1m of capital from any illegitimate source.

Resorts added that it was confident it could satisfactorily rebut and clarify every allegation and has asked the New Jersey division of gaming enforcement, and it had asked the state's Casino Control Commission to give it the earliest hearing.

In a bitterly worded comment on the report, Resorts also said that much of the material it contained had been furnished by Resorts itself back in 1977, and the division had ample time to raise objections. Resorts also said it failed to understand why the division had included items it knew to be untrue and had not given the company a chance to answer unexplained allegations.

The S&P drop in Resorts' two classes of shares on the American Exchange yesterday before they were suspended on news of the report illustrated the impact of the Attorney General's charges. But though the outcome is still far from certain for New Jersey's fledgling but rapidly growing gambling industry, some market analysts suggest that Resorts may be targeted in a political battle between the Attorney General and the Gambling Control Commission over how strictly the gambling laws should be enforced.

The casino today reported a net win in November of an average \$396,362 a day, only slightly below the average since May of \$363,971. This figure represents gains in the gaming rooms before operating costs and tax.

He said that new expansion

consolidation and other programmes should put fiscal 1979 earnings "within the frame-work" of 20 per cent growth. While he declined to be more specific, his projection indicates 1979 earnings near \$6.5m or \$1.50 a share — above the \$1.70 to \$1.75 range projected by analysts.

The October 31 decision to increase the quarterly dividend to 6 cents from 3 cents a share "hopefully will be the first rise of many," he said.

Mr. Fannie's optimism about 1979 was tempered by fear that a "severe recession" next year might affect earnings. To forestall this he said Peoples is developing two budgets — one to expand in a healthy economy and the other to proceed more cautiously in a recession. He was considerably more optimistic, however, that Peoples is in a "recession-proof industry. We're in a necessity business. Toothpaste you use every day no matter what. We would be the last to feel a recession," he said.

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loans

## VOLVO DEAL NEARS DEADLINE

BY WILLIAM DODSWORTH

WITH ONLY three days to go before the December 8 deadline for an Act allowing the government to make agreements with foreign powers to tax away 10 per cent of Volvo's potential double tax, the potential double tax of the dividends payable to shareholders in the Volvo (Norway) holding company remain the main stumbling block.

At the same time, the Norwegian Financial Analysts Association has chosen the run-up to the deadline to issue an unenviable analysis of Volvo's business prospects and the Norwegian capital market's capacity to absorb the Volvo shares.

The double taxation problem arises from the Swedish Government's refusal to amend its law to enable Volvo to pay 40 per cent of its taxes in Norway. The result is that shareholders in the unincorporated Volvo (Norway) subsidiary must pay 10 per cent of their dividends in Norway.

Another unresolved issue concerns the subordinated capital in Volvo (Norway). Under the government's provisional arrangement, Norway's three leading banks would initially take up half the Nkr 300m share capital and half of a Nkr 300m debenture issue in Volvo (Norway).

The remaining Nkr 300m of the purchase price would be in the form of a loan.

If Volvo suffered a bad year for profit, its subordinated capital would have first claim on earnings at the expense of the shareholders' dividend. If Volvo experienced a run of bad years,

the claims of the subordinated or four years to develop a new model to replace the 240/260 agreement was still expected to be completed by December 8.

Urgent talks are going on in the Norwegian Finance Ministry to find a solution. One suggestion is that Volvo (Norway) be given a loan to pay off its equity. These considera-

tions are not likely to enhance the attraction of the Volvo (Norway) shares to Norwegian investors.

But this would not eliminate all the disadvantages for the Norwegian shareholders, as Swedish law allows certain deductions from company profits to be made before the payment of company tax, and these deductions do not apply to profits transferred abroad.

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## Government bond planned for Holland

By Jeffrey Brown

THE DUTCH Government is to tap the Amsterdam capital market next week with an issue of ten-year bonds on a coupon of 8½ per cent. The tender, which comes at a time of pronounced weakness in the bond market, will be the seventh by the state this year.

At this stage few dealers are prepared to predict how the market will react to the issue.

The date of January 16 when the

Government institutions will be in

agreement of increasing liquidity

under the impact of end-of-year

interest payments. But the mar-

ket presently is weak and un-

certain following bad news about

the Dutch economy.

Last month the Government

announced that Holland was

running for a trade deficit for

1978. This largely confirmed

that the market had long begun

to suspect but, nonetheless, the

upset in bond prices was dra-

matic. Over the past 12 days

selling, the average bond price

is fallen by more than two

points.

Sentiment has further been

damaged by the breakdown of the

central wage negotiations largely

because of union reluctance

to accept plans to reduce public

spending. The Dutch equity

market is now 15 per cent under-

water at mid-September.

At all events, bond market

replies to our request from the

end of October when a govern-

ment offering helped to a mas-

terful 100 points and moved

itly to a substantial premium

over the decline. Last week's

issue from the Amsterdam

Bank Nederland was forced to

offer a coupon of 8½ per cent.

However, Dutch interest rates

now have adjusted to the

new conditions. Certainly the

differential between rates in

Amsterdam and New York has

dropped significantly. For the

moment foreign exchange mar-

ket rates holding steady. The

US\$DM rate stands at around

DM 1.08 compared to the DM 1.08 level

at which the central bank has

committed no intervene with sup-

port.

The Danish Finance Minister

and Heineken has requested

authority from parliament to

issue state loans totalling

DKr 25bn (\$5.6bn). Retail

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

### Further earnings boost at Straits Times Press

BY H. F. LEE

LEADING Singapore newspaper publishing company Straits Times Press (1975) boosted profits again in the year to August 1978 and is proposing a further scrip issue, this time on a one-for-three basis.

Earlier this year, in January, it announced a one-for-two scrip issue after announcing its 1976-1977 results, which also showed a sharp improvement.

Group results for 1977-78 showed a climb in profits to \$86.45m (US\$2.93m) before tax and \$84.4m net of tax and minority interests on an improved turnover of \$85.6m.

As Straits Times has for the first time equity accounted New Nation and Times Business Publications, publishers of an afternoon daily and a business daily respectively, no comparative figures for the previous year were available.

However, results of the parent company are comparable and

they show pre-tax profit rising 86 per cent to \$86.21m and the post-tax profit to \$85.5m on a 21 tax figure 48 per cent higher at per cent increase in turnover to \$84.27m.

Turnover rose by 17 per cent. An 11 per cent decline in income of 12.5 per cent, making a total decrease in net profit after taxation of 22.8 per cent for the whole year to only 10 per cent. The net profit was \$81.25m.

The group's profit was significantly affected by the 30 per cent increase in depreciation charges.

Straits Times' improved results also reflect the continuing favourable conditions in which all involved in book and magazine publishing and distribution and printing has declared a final dividend of 15 per cent, making a total of 22.5 per cent for the year.

This is slightly higher than the 18.6 per cent paid out in the case of parent company during the same period of last year.

Times Publishing, a sister company to Straits Times Press, a five-for-one scrip issue made by company also unveiled its 1978 results, the group this January.

However, unlike Straits Times' Times Publishing is also a impressive result. Times Pub partner in the Asian Wall Street

listing could only manage a Jurnal.

JOHANNESBURG, Dec. 5 — SOUTH AFRICA'S stagnant construction industry is unlikely to show any signs of recovery without increased public sector spending, according to Mr. Mike Ridley, managing director of the RAPOM (LTA). But counting on the very near term could be an exercise in futility.

While other construction companies have been diversifying into other sectors, LTA has concentrated on the business it knows. But it means that the bulk of its first half turnover improvement from R185m to R197m (\$22.64m) came from acquisition of a small electrical contractor and two steel manufacturing operations. With cost inflation it means that organic growth in the first half of the current year was negligible.

Since March 31 uncompleted contracts on hand increased from R10m in R197m at September 30. But with margins tight in an increasingly competitive market, a proportional increase in operating profit is not on the cards.

A higher 20.1 per cent and greater unexpired profit share meant that the group's 9.8% R3.9m based profit was only 1.9 per cent ahead of the corresponding period of 1977. At 200 cents to yield 9.8 per cent,

the share reflects Johannesburg's optimism of a significant earnings improvement in fiscal 1979. Cementation has successfully tendered for construction contracts at gold fields of South Africa's northern cape Black Mountain lead/silver project. Contract profits should start flowing through strongly in the second half.

Contractors have been awarded 910 ringgit in the same period of last year.

Oil kernel prices moved up 1.8% to 55.1 ringgit per long ton ex mill from 53.1 ringgit, while those for rubber increased 1.9% to 7.8 ringgit per long ton for less than year ago. The average price for cacao increased from 2.02 ringgit per pound lob to 2.26 ringgit a pound for cocoa.

The company's average selling prices obtained during the 1977-78 financial year were 583 ringgit per long ton for palm kernels, 571 ringgit for palm oil for rubber, and 2.97 ringgit a pound for cocoa.

### Sime Darby plantation subsidiary lifts profit

BY OUR FINANCIAL STAFF

CONSOLIDATED Plantations, a subsidiary of Sime Darby, raised attributable profit by a third

to 15.3m ringgit (\$6.9m) in the first three months to September 30, with turnover growing at a similar rate to 56.5m ringgit.

At the pre-tax level, profits showed an improvement from

20.7m ringgit to 7.7m.

During the whole of last year,

the company saw its attributable

profits decline by 13 per cent

to 16.8m ringgit.

The 1977-78 pre-tax figure was 58.8m ringgit

against 70.7m.

The company's average selling

prices all showed an improve-

ment during the quarter, rising

in the case of palm oil to 1.018

ringgit per long ton lob, net of

margin trading for the long

and short term.

In all, he noted, was 15 months

to decline the future near

term.

Mr. Ridley said that the market will

continue to rise in the future.

He said that in 1980 or 1981

the market would have a market at such

high level that it could be com-

pletely beyond our compre-

hension.

Basically, my position has

not changed at all."

Getting down to cases, Mr.

Yoshimura described next year

market at its investment seminar

last week in London.

This was not immediately

apparent from the technical view-

point presented by Mr. Tadashi

Yoshimura, a director and

general manager of Nomura

Securities. "Beginning with the

conclusion," he led off, "an

upward trend is expected.

It is said, made a closing of up to

10%.

The question, then, is how

much further the market has to

go before it falls. Mr. T. Kubaki,

a director of Nomura Securities

Investment Trust Management

Company reckoned that the peak

was possibly 7,000.

But, as an institutional investor

he said, made a closing of up to

10%.

The question, then, is how

much further the market has to

go before it falls.

Mr. Yoshimura said that the

market will be a peak for

two. His prognosis was a strong

first half in 1979 and a weaker

second six months, with the

downside risk limited to 300

or 400 points on the Dow Jones

assumption that the market

will end at 10,000.

He said, made a closing of up to

10%.

The question, then, is how

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&lt;p



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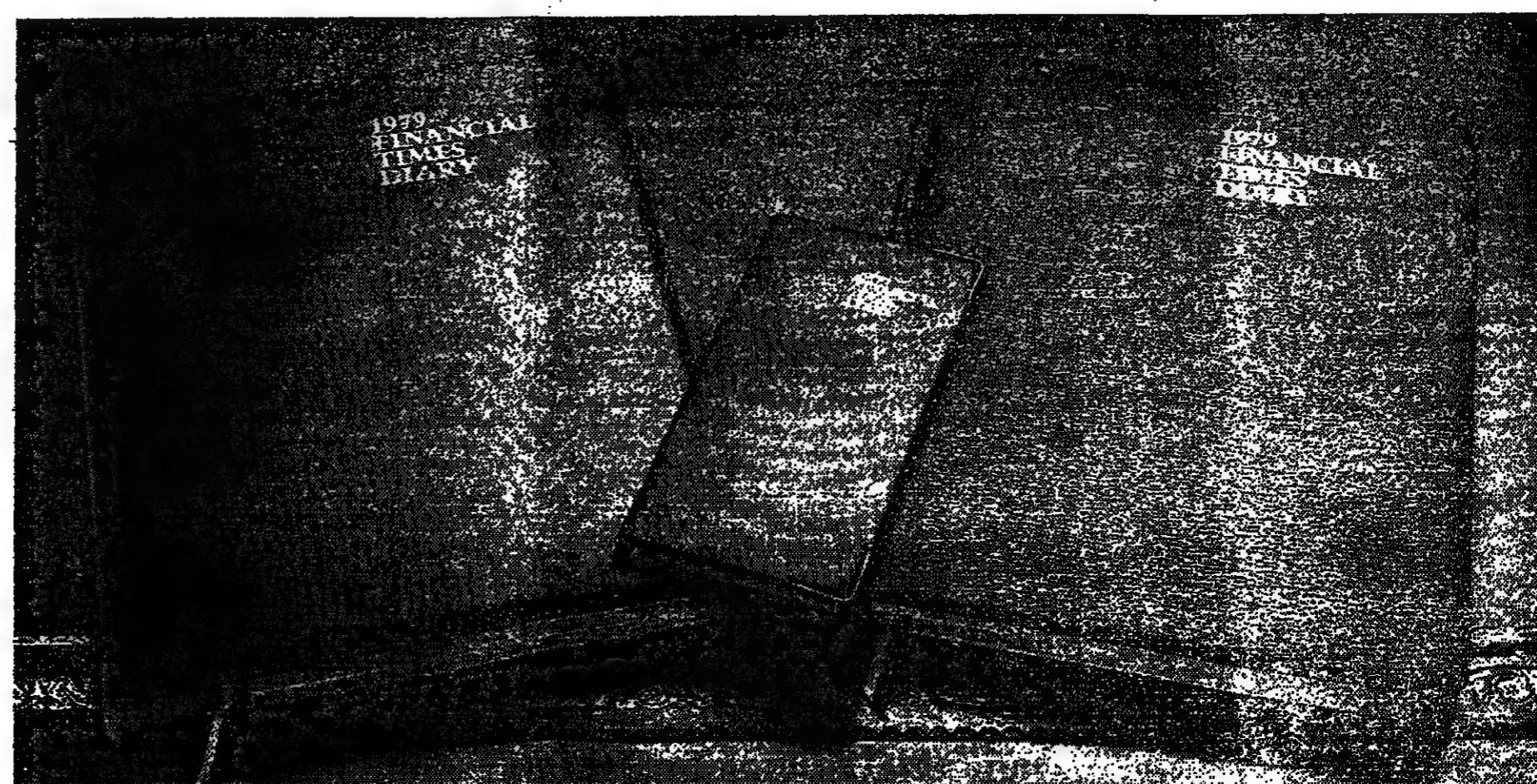
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## Danes seek aid for cod exports

By Hilary Barnes

COPENHAGEN, Dec. 5.

MR. SVEND JØRGENSEN, Fisheries Minister, has asked Mr. Finn Gundelsch, EEC Fisheries Commissioner, to reintroduce export subsidies on certain fish species sold to the U.S.

His "reason" is that the exporters have been badly hit by the decline in the value of the dollar this year. The EEC is still considering the request, officials said.

The Danish fish processing industry has a traditional market in the U.S. In 1972 exports of frozen cod fillet blocks totalled about 26,000 tonnes, worth a value of about Kr. 250m.

An export subsidy was introduced by the EEC in 1973 in response to the declines of 1972.

The subsidy was gradually run down and finally expired in January of this year.

## Wanted: sheep rustlers of Dartmoor

By Our Commodity Staff

DARTMOOR Farmers have offered a reward of £1,000 for help to track rustlers who have made off with several hundred of his sheep.

Mr. Andrew Wotton of Great Stern, Cornwall, rounded up a flock of ewes on Penn Moor recently in order to discover it had shrunk from 253 to only 76 lambs since July.

A check on a separate flock on nearby Stann Moor revealed that a further 100 ewe lambs had gone missing.

Mr. Wotton values the lost stock at £25,000.

He established his Penn Moor flock 13 years ago with 1,300 head. He is now left with only 76. Some losses can be attributed to the hard weather condition in the area but Mr. Wotton claims most of his lost sheep have been taken by thieves.

JAPAN BUYS USSR COTTON

TOKYO, Dec. 5.

JAPANESE trading houses bought an estimated 27,000 tonnes of raw cotton from a visiting Soviet textile mission for delivery in the first half of 1979, trade sources said.

The Soviet delegation ended its 10-day negotiations with the trading houses yesterday.

About 10,000 tonnes will be shipped in January, between \$1,680 and \$1,800 a tonne off, with the balance shipped in the second quarter at about \$30 a tonne more.

## COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—On the London Metal Exchange, forward metal started at £7,200 per tonne, 75 pence away to 7,275 and then rose to 7,300, 75 pence above 7,225. Some arbitrage business was concentrated on the dollar-marking rate. The market closed at £7,200, 75 pence below 7,225.

Nickel—On the New York Metal Exchange, forward metal started at £7,400, 75 pence below 7,325 following the drop

in the past 12 months that a devaluation of 5 per cent would still leave MCAs at the same level as in February this year.

The adjustment would raise the official intervention prices for grains, dairy products and beef and help firm up the markets for most other products. An increase in intervention prices tends to raise market prices by about the same amount.

The devaluation would also affect the troublesome monetary compensatory amount (MCA) imports subsidies on sensitive products like beef and bacon.

But, the report warns, such

has been the erosion of sterling

Political economy.

Politically it is important to supply cheaper food for the voters in a pre-electoral period no matter what the longer-term damage to British agriculture and the longer term cost to the nation as a whole," he said.

The Government must realise that the British farmer cannot plan his crops in line with the electoral cycle.

Calling for a drive towards self-sufficiency in food, he commented: "We can no longer rely on the surpluses of other nations—countries will only export food which is surplus

to demand."

In the same time frame, the

Government of introducing agricultural policy at the altar of short-

term political expediency.

Farm wage negotiations are still going on, but there are other factors tending to push up labour costs. Competition among employers for skilled men and increased national insurance payments will increase the burden on the payroll.

In spite of sharp competition among the tractor manufacturers

prices of most power units are forecast to rise 12 to 15 per cent during the year.

It is noted that the Press com-

municate warned that continuing caution in zinc production poli-

cies was needed to maintain

the improvement in the market

situation achieved for zinc dur-

ing 1978.

Study group statistics as

understood to show that zinc output after falling sharply in the

first half of this year, will suffer

a target nominated by member

countries of the study group can

be reached, particularly as

the steel used in a small

mine is recovered by fire.

The beauty of the scheme is

that once a previously worked

mine is finished—only former

mines or easily-mined surface ore

can be used to effect—all the

year is easily packed up into

trucks ready for the next mine.

## World wheat pact talks start again next week

BY OUR COMMODITIES STAFF

FRESH TALKS aimed at settling the differences between producer and consumer countries which are preventing progress on a new International Wheat Agreement have been called in Geneva next week.

Mr. Arthur Dunkel, who chaired last month's deadlocked meeting said yesterday that he planned to call together a small group of interested countries for informal discussions on December 12 and 13.

Mr. Dunkel said officials from developed and developing countries had been invited by the 12-member interim committee of leading exporting and importing nations to try to overcome the divergences.

The talks failed on November 24 because of wide differences over the size of grain reserve stocks and the trigger prices at which the stocks would be run down or built up.

The informal consultations, if successful, could lead to a formal meeting of the interim committee, which would then have the task of recommending wheat to the forum of the MTN industrial

These are still the main points at issue among the 70 countries involved in the negotiations and particularly between the main protagonists: the U.S. and the European Community.

Also under negotiation is a parallel consultative agreement on coarse grains—barley, maize, oats and sorghum—used mainly for animal feed, and a food aid convention to give developing countries wheat and other grains suitable for human consumption.

The U.S. which is the world's biggest exporter of wheat has been trying to shift some of the burden of maintaining stocks on other producing countries.

When the conference last adjourned it authorised Mr. Dunkel to hold consultations with a view to convening a meeting of the 12-member interim committee of leading exporting and importing nations to try to overcome the divergences.

Observers in Geneva yesterday planned to bring the informal meeting together some eight or nine key participants including the U.S., Japan and the nine-nation EEC, forum of the MTN industrial

Stalemate in these talks has greatly disappointed delegates in the Multilateral Trade Negotiations who were looking to the wheat pact conference for a deal including agricultural concessions which might be used as negotiating tokens in the wider

## Unexpected drop in farm prices

By Our Commodities Staff

THE AVERAGE price of farmland in England fell this autumn for the first time since the spring of 1977.

The amount of land sold has also dropped sharply, according to the latest survey results from the Ministry of Agriculture and the Agricultural Mortgage Corporation.

In the three months ended October, monitored sales of 12,600 hectares of vacant land fell 11 per cent, average

land price fell 1.9 per cent, with 1,173,200 hectares sold in the three months ended September which averaged £12,757.

During the comparable period last year, 18,000 hectares were sold for an average £12,488 a hectare.

So far this year offerings of land for sale are 17 per cent lower than in 1977.

The informal consultations, if successful, could lead to a formal meeting of the interim committee, which would then have the task of recommending wheat to the

## MEXICAN MINING CONFERENCE

## Rich pickings from worked-out mines

BY WILLIAM CHISLETT, MEXICO CITY, DECEMBER 4

SMALL-SCALE mining is alive and well judging by the interest shown in the first ever conference on the subject which ended this week at Queretaro outside Mexico City.

Another "gold rush" could be triggered off by the enthusiasm shown in new gold mining techniques which make it possible for anyone with a little capital to try his hand at making a fortune.

The conference organised by the United Nations Institute of Training and Research (UNITAR) in conjunction with the Mexican Government drew 200 geologists, mining engineers, geophysicists and other experts from 67 countries including China and Vietnam.

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With gold selling at around \$200 an ounce the paper delivered by Mr. Robert Evelle

not surprisingly made many delegates' eyes glint. Mr. Evelle explained how the three-Challenge Mining Company has succeeded in using cyanide heap leaching and portable milling equipment to rework the Eberle mine in Monclova, New Mexico, for gold and silver.

While the two papers on the

"heap leaching" technique for

extracting gold drew the most

attention, particularly among

the developing nations, pride of place should perhaps go to the Mexicans who announced during the conference that they were confident that soon they would be self-sufficient in potash as a result of a process whereby

potash can be obtained from 300,000 tonnes of brine grade 30 per cent.

The potash discovery could

have far-reaching implications for those countries, like Mexico,

which cannot produce enough to feed themselves. Potash is a key

fertiliser.

The Mexicans have a

geothermal energy field—which

produces 75,000 kilowatts for

the town of Mexicali—at Cerro Prieto in the State of Baja California near the U.S. border. It is known

that geothermal brines contain minerals and the Mexicans have

a pilot scheme to produce potash.

The steam produced by the hot

springs fed into a turbine

generator and then into ponds

where, using solar energy, the

brines are concentrated. Through

established chemical processes

the minerals are then separated

and sold in small quantities.

Challenge Mining was formed

last year after the U.S. Bureau

of Mines and Minerals

brought in two people to

explore the area.

The beauty of the scheme is

that once a previously worked

mine is finished—only former

mines or easily-mined surface ore

can be used to effect—all the

year is easily packed up into

trucks ready for the next mine.

## Asean rice stockpile plan

DANGKOK, Dec. 4.

THE ASSOCIATION OF

ASIAN NATIONS (ASEAN) has

decided to set up a stockpile of

50,000 tonnes of rice for emer-

gency use, the Thai commerce

ministry said.

On its daily trade news, the

Ministry said each member

country of ASEAN would set up

its own rice stockpile which

would be about 10,000 tonnes in

size depending on the country's

budget. Thus in cases of emer-

gency ASEAN countries which

cannot produce enough to feed

themselves. Potash is a key

fertiliser.

The Mexicans have a

geothermal energy field—which

is washed in a heated water-alcohol

solution that contains some

sodium hydroxide. This is then

poured into an electrically-heated

coil containing a steel wool anode.

When a current is applied the

acid is attracted to the cathode.

The acid is recovered by filter-

ing and sold.

The miners are

now using the cyanide heap

leaching technique to rework the

Eberle mine in Monclova, New

Mexico, for gold and silver.

The cyanide heap liquid is then

recycled through granulated

activated charcoal which is

washed in a heated water-alcohol

solution that contains some

sodium hydroxide. This is then

poured into an electrically-heated

coil containing a steel wool anode.

When a current is applied the

acid is attracted to the cathode.

The acid

## STOCK EXCHANGE REPORT

# Equity leaders barely stir until after-hours' trade EMS reports then cause index to fall 1.7 to 488.2

**Account Dealing Dates**  
Option

\*First Declar. Last Account Dealings Date Nov. 27 Dec. 7 Dec. 8 Dec. 19 Dec. 11 Dec. 22 Dec. 29 Jan. 9 Jan. 2 Jan. 11 Jan. 12 Jan. 23

\*\* New "deals may take place from 9.30 am two business days earlier.

A continuing lack of investment interest became apparent in subdued Stock Markets yesterday. Leading equities were quiet and overall prices moved so hardly that the range of the FT 30-share index up to and including the 3 pm calculation was limited to less than a point. Movements of any significance again usually embraced companies actually reporting trading news or about to do so in the next few days, while a modest number of situation stocks continued to attract inquiries.

Wall Street's overnight reaction, although widely anticipated, caused a slight softening in many top-name industrials during the inter-dealings before the losses, which rarely exceeded a couple of pence, were eventually reversed. The same considerations ruled in the bulk of second issues and small buying and selling orders were easily completed without altering the general price level.

After the official close of business, however, an agency report that Eire and Italy, along with the UK, would not be joining the European Monetary System, caused a further reflection in leading equities. The extent of the fall was modest but measured by the 30-share index, finally 1.7 down at 488.2, it was still the major movement of the day.

Singling out the features arising from trading announcements, Plessey's first-half progress brought a rise of 4 to 121p, but the full-year profits of RHM were slightly disappointing and the price eased a penny to 326p. GEC due to report interim results on Thursday, moved up 4 more to 340p, but Pilkington lost that much to 304p awaiting today's midway statement.

Steady progress was made by GEC. Once again the emphasis was on the unanticipated shorts and quotations here moved up by a maximum of 10, the rise in Exeter 81 per cent 1982, at 901. Medium and longer-dated stocks also advanced, but trade was not enough to test the respective tops.

Having traded quietly around 76 per cent for most of the day, the investment currency premium picked up 10 to 106p, while reports that Ireland, Italy and the UK are not joining the projected European Monetary System; the premium then improved to close 31 higher on balance at 781 per

cent. Yesterday's SE conversion factor was 0.7669 (0.7607).

The volume of business in Traded Options was again small and 333 contracts were completed compared with the previous day's 372.

### Allied Irish down

Allied Irish relinquished 6 to 202p and Bank of Ireland 3 to 405p following late rumours that Ireland is not going to join the projected European Monetary System, after all. Quietly firm conditions prevailed among the major clearers as Lloyds, 280p, and NatWest, 209p, both rose 4 further.

Awaiting further news of the bid approach, Brentnall Beard cheapened 2 to 421p among Insurance Brokers, but fresh speculative bids, but fresh speculative bids helped Steinhause improve 3 more to 108p.

Distillery issues were again to the fore in a quiet drink section. Inter-dealings were more for a rise of 8 at 235p. Irish Distillers announced a near-50 per cent profits increase and closed 3 harder at 124p in the late trade. On the other hand, recent firm gains in secondary issues included Electronic Machine, 24p, and Sound Diffusion, 51p, both up 3. In contrast, Suter eased a penny to 30p in the late dealings on news of the proposed rights issue.

The Engineering majors fluctuated within extremely narrow limits and final quotations were little altered on balance.

sales figures prompted a downward drift in the lead, which ended with losses ranging to 4. Gossel A ended that much lower at 308p; the interim results are due tomorrow.

Apart from EML, which came on offer and fell 6 to 152p, Electrical leaders maintained a firm trend. Plessey, up 4 at 112p, reflected satisfaction with the half-yearly statement, while GEC also 4 higher at 340p, continued to rise, buyers in front of tomorrow's interim figures. Scattered gains in secondary issues included Electronic Machine, 24p, and Sound Diffusion, 51p, both up 3. In contrast, Suter eased a penny to 30p in the late dealings on news of the proposed rights issue.

The Engineering majors fluctuated within extremely narrow limits and final quotations were little altered on balance.

Interest in the Miscellaneous Industrial sector was small and generally directed at secondary issues. Hunting Assoed. became a late firm feature, rising 26 to 310p in a thin market, in response to the board's capital proposals. Speculative buying prompted a rise of 8 to 106p. Sykes and demand ahead of tomorrow's interim results left Stonehill 6 to a good at 121p. Comment in front of today's preliminary figures helped Hanson Trust improve 3 to 133p while, after trading announcements, Dundens 50p, Kelsey Industries, 104p, and Flexcel Castors and Wheels, 56p, all closed about a penny firmer. Brook Street Bureau gained 3 to 35p and ICL Industrial 5 to 426p, while Martin Smiths and Newey, both reflected a slight disappointment with the results and closed off at 60p and profit-taking after the recent speculative spurt on bid hopes prompted a reaction of 4 to 125p in Cambd. After the recent good run, Pilkington cheapened 4 to 306p in front of today's interim results.

Lots closed 3 down at 48p on disappointment with the lack of a dividend payment. Peck eased 3 pence to 178p in view of yesterday's results, while Swan Hunter remained on offer following the company's reconstruction proposals and ease up 4 more to 136p. Peck Hattersley, fined 4 to 160p, while Barker Perkins, half-yearly figures also due on Thursday, hardened 2 to 124p. Scattered demand left Victor Products 4 to 120p and 4 to 78p on talk of future firmness on the talks with Rockwell International.

Oils trade quietly

Recently good on takeover hopes, Mill and Allen ran into profit-taking in the absence of any bid news and touched 215p before rallying to close 5 down on balance at 227p. Elsewhere, Bristol Evening Post pleased with improved interim results and put on 3 to 135p. News International were also firm, rising 4 to 326p.

Leading Properties remained largely untested in an uneventful session, but Bernard Sunley was also firm, rising 4 to 262p. Comment on the October retail's £1.6m acquisition firmed 4 to 236p. Warner Estate

closed 4 to 236p following a bid from Rockwell International.

News Internat. was also firm, rising 4 to 326p.

Having traded quietly around 76 per cent for most of the day, the investment currency premium picked up 10 to 106p, while reports that Ireland, Italy and the UK are not joining the projected European Monetary System; the premium then improved to close 31 higher on balance at 781 per

cent. Yesterday's SE conversion factor was 0.7669 (0.7607).

The volume of business in Traded Options was again small and 333 contracts were completed compared with the previous day's 372.

### MFI jump

Secondary issues provided the focal point in Stock markets yesterday. Speculative buying fuelled by revised bid suggestions helped MFI advance 9 to a 1978 high of 171p, while J. Hepworth put on 3 to 75p in response to Press comment. Brewster hardened a penny to 48p, after 49p, following further consideration of the interim results and improvements recorded in D.Y.O. company Home Clothiers, 101p, and A. G. Stanley, 164p. NSS, Newsgangs, however, softened a penny to 118p after the results and Freemans, at 365p, gave up 5 of the recent good rise. Comment on the October retail's £1.6m acquisition firmed 4 to 236p. Warner Estate

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### APPPOINTMENTS

## Changes in BP Scottish office

BRITISH PETROLEUM'S director of public affairs, Scotland, AND COMPANY, Mr. Hugh Ashton, has been appointed to succeed Mr. Robert Menzie, who has retired. He is succeeded by Mr. John Ridell-Weston, previously deputy managing director, BP Oil. Mr. Ridell-Weston will retain his responsibilities with BP Oil and will be based in the company's head office, Victoria Street, London, but will make regular visits to Scotland.

Mr. Anthony Wilcock has been appointed deputy director for public affairs, Scotland, resident in Edinburgh and operating from the company's office at North St. David Street. It is promised that Mr. Wilcock will succeed Mr. Menzie as a member of the Board of Scottish Oil, BP Oil, refinery Grangemouth and of Yaruma Paraffin Light and Mineral Oil Company.

Mr. Bruce J. Cadbury has been appointed to succeed Mr. A. Glenn as company secretary and chief accountant of JAMESON CHOCOLATES. Mr. Cadbury previously was financial controller of the West Wall Group. Mr. Glenn will become financial controller of FOWARD AND CO. (SMITHFIELD).

Mr. Timothy E. J. Massey is to head SCS FREIGHT SERVICES, a company set up by SGS Inspection Services, an associate of Société Générale de Surveillance, Geneva. The new company is simply a change of name for SCS' in-house freight forwarding arm. Mr. Massey was formerly managing director of the ship-broking and ship agency company, Harrison's (London).

Mr. D. W. James and Mr. A. Neville Smith have been appointed director of VICKERS DA COSTA, stockbrokers.

Mr. J. R. Johnstone has been elected a deputy chairman of the ASSOCIATION OF INVESTMENT TRUST COMPANIES on the retirement of Mr. G. A. Stout, who remains a member of the general committee. Lord Remnant remains chairman. Mr. Mark R. Cornwall and Mr. J. R. St. Rose continue as the other deputy chairman.

Mr. Gary Trusler has joined the Board of GOUGH COOPER AND CO., as financial director. He previously held a similar post with KEY TERRAIN, a subsidiary of Reed International.

The HYDROGRAPHIC SOCIETY announces the appointment of Mr. George Edney as executive secretary. A former general manager of PAPER BRITAIN, Mr. Edney was part-time member of the Milford Haven Conservancy Board for a number of years. He joins the society on January 1.

Mr. Michael H. Lovett has been appointed director and manager of NATIONAL WEST END UNITED TRUST MANAGEMENT. Formerly deputy manager of the bank's West End trustee branch, he succeeds Mr. R. Anstee who becomes manager of Cheapside Trustee branch.

Mr. D. Coates has been appointed a director of BEDFORD LODGE HOTEL, Newmarket. Peter becomes vice-chairman of

voluminous he was a director of Interbarion Engineering Services (UK) and Gossel (UK). For many years Mr. Couteau was an executive in the British and overseas construction equipment industry.

Mr. Philip Mitchell has been promoted to senior associate director of the BRITISH MARKET RESEARCH BUREAU.

MURKHEAD announces that Sir Edward Fennessy has joined its board as a non-executive director. Sir Edward was, until his retirement in 1977, deputy chairman of the Post Office and managing director of Telecommunications. Before joining the Post Office board in 1969 he had been managing director of the Plessey Electronics Group (1963-85) and of Dectac Radar (1960-85).

Mr. G. O'Keefe, Mr. D. H. Lane and Mr. J. C. Rushton have been appointed executive directors of DOULTON GLASS INDUSTRIES.

The EUROPEAN SHOCK ABSORBER MANUFACTURERS' ASSOCIATION has elected Mr. David Arnes as president and Mr. D. O'Ryan vice-president. Mr. John Wardle also now acts as the secretary as well as being the managing director of the Association.

Mr. Arnes is a technical director of Amortiseurs de Carbon. Mr. O'Ryan is product manager-suspension and motor-cycle at Lucas Girling.

GEORGE WIMPEY AND CO. announces the resignations of Mr. H. G. Game and Mr. D. R. W. Watt as non-executive directors of the company with effect from December 31. Mr. Game was chairman from June 1963 until his retirement in February 1972. Mr. Watt, a director since 1952, was a managing director when he retired from full-time duties in 1973.

Mr. R. J. Hardby, director (development and sales), at BRITISH RAIL PROPERTY DEVELOPMENT, is to succeed Mr. D. R. St. Rose as chairman. Mr. Hardby is a former director of the company. Mr. St. Rose, chairman from June 1963 until his retirement in February 1972, until he was a managing director when he retired from full-time duties in 1973.

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FIRST NATIONAL BANK, in St. Louis, U.S.A., whose London representative office will shortly achieve full branch status, has announced three senior appointments. Mr. T. Ellis Barnes III is assistant vice-president responsible for Middle East operations. Mr. W. Allen Goss is assistant vice-president and responsible for administration and general operations. Mr. Stephen Mair is an international banking officer on the bank's foreign exchange and Euro deposit desk.

Mr. J. P. Parkinson has been appointed divisional manager of the biscuit and confectionery machinery division of BAKER PERKINS.

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1976 High Low Price + or - Yield  
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## CHEMICALS, PLASTICS

## BANKS &amp; HP - Continued

## BONDS &amp; RAILS - Cont.

## CIVIL ENGINEERING

## DRAPERY AND STORES

## BEERS, WINES AND SPIRITS

BUILDING INDUSTRY,  
TIMBER AND ROADS

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## BEERS, WINES AND SPIRITS

BUILDING INDUSTRY,  
TIMBER AND ROADS

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## **INDUSTRIALS—Continued**

## **INSURANCE—Continued**

## **PROPERTY—Continue**

## **INVESTMENT T**

**U.S.—Cont. FINANCE, LAND—Continued**



## Money supply steady in November

BY DAVID FREUD

THE MONEY supply was steady last month, the latest banking figures published yesterday indicate.

Bank lending rose moderately, but there was no sign of any significant increase in demand for funds by manufacturing industry.

The main clearing banks were all well under the official control ceiling for the expansion of their interest-bearing eligible liabilities—the level at which they have to pay penalties to the Bank of England for excessive growth in their customer deposits.

At the same time, the figures show that only seven banking institutions failed to come within the corset in August-October, the period in which the restriction began to bite.

They suggest that the sterling money stock on the wider definition (M3), the measure used for official targets, was steady or moved up marginally in the month to mid-November.

This will encourage the Government, which has set a money supply growth target of 8 to 12 per cent a year.

A big factor in November's steady money stock is likely to have been the heavy inflow of gold after the 3.5 per cent jump in minimum lending rate to 12.5 per cent on November 9. The bank is estimated to have sold about £700m of stock in the following six days.

The main pointer to the November money supply figures comes from the moderate drop in the total eligible liabilities of the banking system. These, the main deposit funds of the banks and an important constituent of the money stock fell by £200m, or by 0.3 per cent in the month to mid-November to £14.6bn.

However, special factors appear to have been at work, denting the level of eligible liabilities in transactions between the banks and money market. Therefore, a corresponding fall in the money supply figures, due next week, is unlikely.

There was a £17m increase in sterling advances by the London clearing banks to the UK private sector which, with seasonal factors taken into account, probably means an underlying increase of nearer £220m.

This rise was smaller than that of the previous two months and suggests a slowdown in the underlying rate of increase.

Agricultural and retailing accounted for much of the increase in lending over the past three months, while borrowing by manufacturers fell by £15m. Manufacturing industry is currently taking up 40 per cent or less of the overdraft and loan facilities bank managers have agreed to allow them.

Unless manufacturing industry demand picks up considerably, the banks are unlikely to find it difficult to remain within the corset, which allows interest-bearing eligible liabilities to grow by 1 per cent a month until April.

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## Record intervention by U.S.

BY STEWART FLEMING

THE U.S. authorities intervened in the foreign exchange markets to a record degree between August and October, the New York Federal Reserve Bank reported yesterday.

But their action, which involved a total of \$2.5bn (£1.28bn), failed in prevent what officials described as a "one-way market" developing at the end of October, with the result that the Carter Administration resorted to a package of support measures for the dollar, announced on November 1.

The Fed estimated that, during the period, gross market intervention by large central stability.

banks around the world totalled \$31bn, equal to the record \$31bn reported by the Federal Reserve April period, and well in excess of the \$22bn reported in the May to July period.

The Fed report comments that tensions in the dollar market were compounded by a burst of speculation over a possible realignment of currencies within the Common Market joint float, the "snake" as a prelude to the setting up of the broader European Monetary System. Officials added that the emerging EMS "did add to tensions in the dollar market" although it had the potential to contribute to

departing from its normal operations since November 1 practice at its quarterly exchange briefing, the Fed gave some indication of its operations in the market since the end of the reporting period.

Mr. John Holmes, executive vice-president of the New York Fed and manager of the Reserve system's open market account, said that reports that the authorities had spent \$8-10bn in the past month supporting the currency were "grossly exaggerated."

He declined to be more specific, however, and Mr. Scott Pardue, deputy manager for foreign exchange operations, described interven-

tion as "concerted."

On events leading up to the November 1 support package, Mr. Pardue said: "Everybody was trying to leave the room at the same time." The Fed reported particularly in October—it intervened heavily in the market, spending the equivalent of \$2.2bn in West German marks and \$294m in Swiss francs.

It disclosed that, on the night

President Carter announced his anti-inflation package, the Fed intervened in the Singapore foreign exchange market. It was the first time it had taken such action in the Far East.

## Print union may handle only editors' work

BY ALAN PIKE, LABOUR CORRESPONDENT

LEADERS of the National Graphical Association will today consider instructing their provincial newspaper office members throughout the country to handle only material produced by editors during the journalists' strike.

Such action by print workers would add to the pressure on editors who, assisted by staff who are not members of the National Union of Journalists, are attempting to keep their papers on the streets during the dispute.

NUJ members at the Press Association national news agency yesterday decided that they would handle only copy produced by Mr. David Chipp, the editor.

As a result, the agency's service, which has been a crucial factor in helping provincial newspapers in continuous publication during previous disputes, was curtailed and closed down for much of the afternoon.

Journalists at PA voted 84-76 against an executive instruction to support the strike on Monday. The Society's council is meeting this morning.

Third of them reported for work yesterday, while others picketed the agency's Fleet Street offices. The PA journalists are meeting today to review their position.

The Sheffield Morning Telegraph was the first casualty of the strike when it failed to appear yesterday. According to the NUJ, some weekly newspapers in the London area were not distributed because van drivers refused to cross journalists' picket lines.

Last night the NUJ claimed that about 90 per cent of its 9,000 provincial members were on strike in support of the union's 20p per week pay claim.

Mr. Ken Ashton, general secretary, said: "The strike is gaining momentum. It is now time the Newspaper Society responded with a firm new offer."

The Society, which represents the provincial employers, said that a majority of NUJ members were still working in Newcastle, Liverpool, Birmingham, Coventry, Southampton and Torbay.

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Apart from the journalists' dispute, today's meeting of the NGA national council will be considering the crisis at Times Newspapers where all publication has been suspended.

Lord Thomson of Fleet, president of the company, has rejected a request for direct talks from Mr. Joe Wade, NGA general secretary.

Lord Thomson said in an interview on ITN's News at One yesterday that whatever future course of action was taken, the company would "not go back" to the conditions of publishing which existed before last week's suspension.

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As long as it was possible for him to continue justifying moral personal and financial support for the newspapers, he would do so.

He could not, however, say how long this might be because he did not know himself. He personally believed negotiations on industrial relations, returning to the union, was "creating considerable financial problems."

The dispute, which started in August last year, is about the taxation of tea company profits over the past 16 years. Tea companies operating in India have normally paid secretarial and management fees to their head offices in the UK. But the Indian tax authorities suspect that more money has been paid in this way than was justified, to avoid the high rates of Indian corporate taxation.

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